DOCUMENTS RELATIFS AUX
RELATIONS EXTÉRIEURES DU CANADA

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DOCUMENTS ON CANADIAN
EXTERNAL RELATIONS

CANADA

# DOCUMENTS RELATIFS AUX RELATIONS EXTÉRIEURES DU CANADA

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# DOCUMENTS ON CANADIAN EXTERNAL RELATIONS

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Compilé par/Edited by
John F. Hilliker

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# INTRODUCTION

# INTRODUCTION

Les documents reproduits dans le présent ouvrage complètent l'histoire, commencée au Volume 10, de la politique extérieure du Canada pendant les derniers mois de la Deuxième Guerre mondiale et la période de transition qui devait conduire à la paix. De par son contenu, le présent volume adopte un ton résolument plus optimiste que le précédent, dans lequel transparaissait la lassitude qui caractérisait les dernières étapes d'un long conflit. Le Volume 11 laisse entrevoir la naissance d'un nouvel ordre mondial dans lequel il serait possible, espérait-on, d'éviter la répétition des événements qui avaient provoqué les hostilités. Ce désir était si ardent que, pour la première fois, il donna lieu à des mesures spéciales en vue de la planification des initiatives canadiennes en matière de politique étrangère (Chapitre I). Comme cela avait été le cas depuis l'entrée en guerre des États-Unis à la fin de 1941, les responsables de l'élaboration de la politique étrangère canadienne désiraient avant tout obtenir, que soit pleinement reconnue, sur la base du principe de la représentation fonctionnelle, la contribution du pays au développement des relations internationales (Volume 9, p. xviii).

À titre de pays créancier largement tributaire des marchés internationaux, le Canada avait tout intérêt à prendre part aux négociations visant à établir les fondements de la stabilité commerciale et financière d'après-guerre (Chapitre II). On a sans doute sous-évalué la contribution canadienne à la réussite de la conférence de Bretton Woods, au New Hampshire, qui eut lieu en 1944, et au cours de laquelle fut conclue l'entente devant mener à la création du Fonds monétaire international et de la Banque internationale de reconstruction et de développement (documents 34-36). À cause du caractère officieux de cette conférence, les documents portant sur le Canada, aussi bien que sur la conférence elle-même, sont plutôt rares.[1] On trouve davantage de renseignements sur les négociations concernant la réduction des barrières tarifaires. Malgré les nombreux efforts qui furent consacrés à la recherche d'une solution multilatérale à ce problème, la difficulté de réconcilier les nombreux intérêts divergents des différents pays rendit séduisante l'idée de conclure des accords bilatéraux, notamment avec les États-Unis (exemples : documents 45 et 53).

L'aviation civile constituait également un domaine dans lequel le Canada entendait jouer un rôle au niveau de la réglementation internationale (Chapitre III). Il y allait non seulement de la place du Canada en tant que puissance aérienne, mais également de l'efficacité d'une organisation d'après-guerre vouée à la sécurité mondiale (document 184). Fort de cette conviction, le Canada élabora un projet de convention internationale sur le transport aérien et participa activement à la Conférence internationale sur l'aviation civile qui se tint à Chicago du 1er novembre au 7 décembre 1944. Le Canada, que le chef de la délégation, C. D. Howe, décrivit comme l'une des «grandes puissances»

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[1] J. Keith Horsefield, *The International Monetary Fund 1941-1965*, Volume 1:*Chronicle* (Washington: International Monetary Fund, 1969), p. 93.

# INTRODUCTION

The documents reproduced in this volume complete the story, begun in Volume 10, of Canadian external policy during the closing months of the Second World War and the transition to peace. The contents of the present volume are more optimistic in tone than were those of its predecessor, which reflected the war weariness of the last stages of a long conflict. Volume 11 looks ahead to a reshaped world order, in which, it was hoped, repetition of the circumstances which had given rise to the war would be avoided. So important was this aspiration that, for the first time, special arrangements were made for planning the Canadian response to issues in foreign policy (Chapter I). As had been the case since the United States entered the war at the end of 1941, one of the main concerns of those responsible for developing policy was to ensure that Canada's contribution to international relations be fully acknowledged, on the basis of the functional principle (Volume 9, p. xviii).

As a creditor nation and one heavily reliant on international trade, Canada had a major interest in the negotiations to establish a basis for financial and commercial stability after the war (Chapter II). The contribution to the conference at Bretton Woods, New Hampshire in 1944, which produced agreement to establish the International Monetary Fund and the International Bank for Reconstruction and Development, is perhaps underrepresented here (documents 34-36). Owing to the informality which prevailed at Bretton Woods, the Canadian documentary record, like that of the conference itself,[1] is not substantial. Somewhat fuller is the documentation on negotiations for the reduction of trade barriers. While considerable attention was given to the search for a multilateral solution to this problem, the difficulty of reconciling a variety of divergent international interests lent attraction to the alternative of bilateral arrangements, especially with the United States (for example, documents 45 and 53).

Another activity in which international regulation was important to Canada was civil aviation (Chapter III). Bringing this about was considered vital not only to Canada's position as an air power but also to the effectiveness of a postwar world security organization (document 184). This conviction was reflected in the preparation of a draft international air transport convention and active participation in the International Civil Aviation Conference, held in Chicago between November 1 and December 7, 1944. At the conference, Canada, which the head of the delegation, C. D. Howe, described a one of "the great powers" present, assumed the role of "honest broker" in dealing with differences between the United States and the United Kingdom (document 282). Canada became a member of the Council, or executive, of the Provisional Civil Aviation Organization which emerged from the conference, a distinction whose value was diminished by the size of the body, which had twenty-one

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[1] J. Keith Horsefield, *The International Monetary Fund 1941-1965*, Volume 3: *Chronicle* (Washington: International Monetary Fund, 1969), p. 93.

présentes à la conférence, y assuma le rôle d'«intermédiaire intègre» en s'efforçant d'apaiser les différends entre les États-Unis et le Royaume-Uni (document 282). Le Canada devint membre du conseil, ou de la direction, de l'Organisation provisoire de l'aviation civile qui vit le jour lors de la conférence. Cet honneur perdait toutefois de sa signification en regard de la taille de cet organisme, qui comptait vingt et un membres. Il fut néanmoins décidé que le siège social de l'organisation provisoire serait établi au Canada et, le 15 août 1945, le conseil se réunissait à Montréal.

Selon la conception qu'en avait le Canada, la future Organisation des Nations Unies devait être la clé de voûte du monde d'après-guerre (Chapitre IV). Les autorités canadiennes accordèrent une attention particulière à la rédaction de la charte par les représentants des États-Unis, du Royaume-Uni, de l'Union soviétique et de la Chine réunis à Dumbarton Oaks à l'été 1944. Les Anglais se chargeaient par ailleurs de transmettre les observations du Canada, qui jugeait capitale la position des états qui, sans être de grandes puissances, avaient démontré lors de leur participation à la guerre «leur empressement à intervenir conjointement à la fois contre toute forme d'agression et de possession d'installations industrielles et militaires étendues» (document 409). En vertu du principe de la représentation fonctionnelle, on déploya des efforts considérables pour permettre à ces états de jouer un rôle accru. Au moment de la conférence de San Francisco, qui eut lieu un an plus tard, la délégation canadienne en arrivait toutefois à la conclusion qu'il fallait accepter la domination des grandes puissances si l'on voulait assister à la naissance d'une organisation mondiale qui comprendrait l'U.R.S.S. et les états sous son influence. Le 10 juin 1945, Norman Robertson déclarait à San Francisco : «À notre avis, il vaut mieux nous satisfaire de cette Organisation-là et, une fois cette décision prise, cesser de vouloir remettre en question le fragile consensus auquel les grandes puissances sont parvenues» (document 478). Pareil réalisme n'altéra nullement l'optimisme qui transparaît dans les documents publiés dans le présent volume, surtout lorsque les «rencontres privées» entre grandes puissances ne jouaient pas un rôle déterminant (document 499). Les états moins importants eurent davantage la chance de se mettre en évidence lorsque le comité exécutif de la Commission préparatoire se réunit par la suite à Londres pour mettre au point les derniers détails concernant le fonctionnement de la nouvelle organisation. Ces séances et celles de la Commission elle-même permirent au Canada de raffermir ses espoirs quant à son rôle éventuel au sein des Nations Unies.

Mais les responsables de la politique étrangère canadienne étaient davantage inquiets des conséquences de la course à l'armement nucléaire (Chapitre V). Avant l'explosion, le 6 août 1945, de la première bombe atomique, la principale préoccupation du Canada touchait la production nucléaire et la coordination de cette production avec les États-Unis et le Royaume-Uni. Par la suite, le Canada s'intéressa aux répercussions que cette production pourrait avoir sur les plans militaire et diplomatique, de même qu'aux mesures à prendre pour en arriver à un contrôle à l'échelle internationale. Même s'il était préoccupé à l'idée qu'une grande puissance pût exercer un monopole à cet égard (document

members. The conference decided that the headquarters of the interim organization should be in Canada. On August 15, 1945, the Council met in Montreal.

The centrepiece of Canadian planning for the postwar world was the prospective United Nations Organization (Chapter IV). Canadian policy makers paid close attention to the drafting of the charter, by representatives of the United States, the United Kingdom, the Soviet Union and China meeting at Dumbarton Oaks in the summer of 1944, the Canadian comments being conveyed through the British. Of paramount importance to Canada was the position of states which, while not great powers, had revealed through their participation in war "both readiness to join in concerted action against aggression and the possession of substantial military and industrial capacity" (document 409). Considerable effort was expended in seeking an enhanced role for such states, on the basis of the functional principle. By the time of the San Francisco conference a year later, however, the Canadian delegation had concluded that, if a world organization were to come into being and include the Soviet Union and states within its orbit, great power domination would have to be accepted. "Our view," Norman Robertson reported from San Francisco on June 10, 1945, "is that it is better to take the Organization that we can get and, having come to that decision, to refrain from further efforts to pry apart the difficult unity which the Great Powers have attained" (document 478). Such realism did not destroy the optimism characterizing much of what is published here, especially when "penthouse meetings" of the great powers were not a determining factor (document 499). There was more scope for smaller states when the Executive Committee of the Preparatory Commission met later in London to develop the practical arrangements for the new organization. These sessions, and those of the commission itself, encouraged hopeful expectations of Canada's role in the organization.

More troubling for the makers of foreign policy were the consequences of atomic warfare (Chapter V). Prior to the first use of the atomic bomb on August 6, 1945, the principal Canadian concerns were production and coordination with the United States and the United Kingdom. Thereafter, attention shifted to the implications for war and diplomacy and to the arrangements for international control. Despite concern about a possible great power monopoly (document 614), Canada, as one of the three atomic powers and the source of uranium, was a full participant with the United States and the United Kingdom in the discussions which produced agreement to create the United Nations Atomic Energy Commission.

As the arrangements for the regulation of atomic energy indicated, the United Nations assumed an importance far surpassing that of other international organizations (Chapter VI). The most important such organization before the war, the League of Nations, was of course supplanted by the new international body. The aspirations of another, the International Labour Organization, were regarded with some reserve because of the possibility of conflict with United Nations bodies (document 669). The attitude towards the Pan-American Union was cautious, in the absence of an indication that

614), le Canada, en tant qu'une des trois puissances nucléaires et que producteur d'uranium, participa pleinement, aux côtés des États-Unis et du Royaume-Uni, aux discussions qui menèrent à la décision de créer la Commission de l'énergie atomique des Nations Unies.

Comme les dispositions concernant la réglementation de l'énergie nucléaire l'indiquaient, les Nations Unies prenaient une importance qui dépassait de loin celle de tout autre organisation internationale (Chapitre VI). La plus importante de ces organisations d'avant-guerre, la Société des Nations, fut évidemment supplantée par le nouvel organisme international. Quant aux aspirations de l'Organisation internationale du Travail, elles étaient considérées avec une certaine réserve sous prétexte que l'O.I.T. pouvait entrer en conflit avec certaines institutions au sein des Nations Unies (document 669). Faute d'indication quant aux intentions des États-Unis concernant l'adhésion du Canada à l'Union panaméricaine, la prudence était de mise à cet égard. Une note de service datée de mars 1944 laisse d'ailleurs entendre qu'il était «nécessaire d'établir des relations amicales avec les États-Unis avant de songer à coopérer avec les états latino-américains» (document 720).

Le plus important événement à se produire au sein du Commonwealth (Chapitre VII) fut la tenue, pour la seule et unique fois au cours de la guerre, d'une rencontre des premiers ministres à Londres, au printemps 1944. Les préparatifs en vue de cet événement provoquèrent des débats sur de nombreux aspects de la politique canadienne, comme en témoignent les documents reproduits dans les chapitres appropriés. Même si le Canada était loin de songer à remettre en question son appui indéfectible au Commonwealth, diverses propositions en faveur d'une centralisation à Londres des prises de décision ne firent qu'exacerber encore une fois les susceptibilités canadiennes. En effet, le Canada tenait notamment à éviter que les pays indépendants fussent écartés du processus d'instauration d'un nouvel ordre international. Le manque de solidarité du Canada à l'égard du Commonwealth était dû par ailleurs à des problèmes intérieurs, comme le laisse clairement entendre le discours prononcé à Toronto, en janvier 1944, par l'ambassadeur britannique à Washington, Lord Halifax (document 731). Le Canada reconnaissait toutefois qu'en tirant adéquatement parti de ses liens avec le Commonwealth, il pouvait renforcer sa présence dans les affaires internationales (document 734). La tâche consistait par conséquent à exploiter habilement la situation tout en évitant de provoquer des remous au pays ou de créer des malentendus à l'étranger quant au rôle joué par le Canada à l'échelle internationale. C'est d'ailleurs en s'appuyant sur cette prémisse que le Canada aborda les diverses questions qui se posèrent à lui en 1944 et 1945 concernant son adhésion au Commonwealth.

La question de l'indépendance du Canada face à son voisin américain se posa également lorsque les États-Unis manifestèrent le désir de réaliser des projets de défense et de poster un nombre élevé de soldats dans le Grand Nord canadien. Les règles du jeu avaient toutefois été établies au cours de la guerre, de sorte que les deux pays s'entendirent relativement bien, d'autant plus que les accords convenus prévoyaient le démantèlement ultérieur des installations ou

Canadian membership was encouraged by the United States. "Friendly relations with the United States," observed a departmental memorandum in March 1944, "must precede cooperation with Latin American states" (document 720).

Within the Commonwealth (Chapter VII), the most important event was the holding, for the first and only time during the war, of a prime ministers' meeting in London in the spring of 1944. The preparations for this event prompted review of a broad range of Canadian policies, as documented in the relevant chapters. Although continuing support for the Commonwealth was not in question, Canadian sensitivity to suggestions of centralized decision-making in London was as acute as ever. One reason was not to undermine independent participation in the postwar international order. There was also still an important domestic dimension to the Canadian position on Commonwealth solidarity, as was made clear (document 731) when the British ambassador in Washington, Lord Halifax, lent support to the idea in a speech in Toronto in January 1944. Yet it was also recognized that, handled properly, the Commonwealth relationship could be a source of strength in international affairs (document 734). The task, therefore, was to exploit this opportunity while avoiding division on the Commonwealth connection at home or misunderstanding of Canada's international position abroad. This, it might be said, was the premise on which Canada approached the various questions arising from Commonwealth membership in 1944 and 1945.

Questions of autonomy also arose in the relationship with the United States (Chapter VIII), as a result of that country's interest in defence projects here and the stationing of large numbers of American personnel in remote parts of Canada. The ground rules, however, had been worked out earlier in the war, and the relationship, much of which involved arrangements to dismantle the projects or turn them over to Canadian control, proceeded comparatively smoothly. Defence relations were an important consideration in planning for the future. There was sensitivity to the vulnerability of Canada's position between the United States and the Soviet Union, should tensions between those two countries revive, and acceptance that the close relationship for continental defence which had developed during the war should continue, together with the instrument for coordination, the Permanent Joint Board on Defence. It was also recognized, that, to avoid the possibility of infringements on sovereignty, Canada should remain responsible for the defence of its own territory.

In other bilateral relationships (Chapter IX), the most interesting developments were perhaps those affecting France and the Soviet Union. Once the former had been liberated from the enemy, its international position ceased to be a matter of major concern to Canada for domestic or external reasons. The documentation on relations with France, therefore, is much less than in the earlier volumes on the war. With the defection of Igor Gouzenko just after the end of the war, it became apparent that relations with the Soviet Union would be much more troublesome than had been the case since the decision to establish diplomatic relations in 1942. Here was a clear warning that the geopolitical concerns affecting the defence relationship with the United States

leur remise au gouvernement canadien. Ces relations de défense constituaient un élément important de la planification de l'avenir. On était sensible au fait que le Canada, coincé entre les États-Unis et l'U.R.S.S., demeurait vulnérable si les tensions devaient renaître entre ces deux pays. On admettait également que les relations étroites portant sur la défense du continent nord-américain, et qui avaient été établies au cours de la guerre, devraient se poursuivre, de même qu'il fallait garder intact cet instrument de coordination qu'était la Commission permanente canado-américaine de défense. On en vint également à la conclusion que, pour éviter toute limitation éventuelle de sa souveraineté, le Canada se devait d'assumer la responsabilité de la défense de son territoire.

Dans le cas d'autres relations bilatérales (Chapitre IX), les changements les plus notables semblaient se produire entre la France et l'U.R.S.S. Une fois la France libérée, le Canada cessa, pour des raisons de politique intérieure aussi bien qu'extérieure, de se préoccuper de la place de cette dernière sur l'échiquier international. Les documents portant sur les liens du Canada avec la France sont par conséquent plus rares que dans les précédents volumes traitant de la période des hostilités. Par suite de la défection d'Igor Gouzenko tout juste après la fin de la guerre, il devint évident que les relations avec l'U.R.S.S. seraient plus difficiles qu'elles ne l'avaient été depuis que le Canada avait décidé, en 1942, d'établir des relations diplomatiques avec ce pays. Cela signifiait clairement que les intérêts géopolitiques allaient bientôt avoir une influence réelle et déterminante sur les relations de défense avec les États-Unis. Le vent d'optimisme qui souffle dans le présent volume ne durerait guère plus que le temps de savourer la victoire.

On trouvera dans l'introduction au Volume 7 (pp. ix-xi) les grandes lignes qui nous ont guidés dans le choix des documents contenus dans le présent volume. Une explication des mécanismes et des principes de rédaction se trouve dans l'introduction au Volume 9 (p. xix). Là comme ici, une dague (†) indique que le document n'a pas été publié. Le document 1252 a été édité conformément à la Loi sur l'accès à l'information. Aucune autre restriction n'a touché les documents publiés dans le présent volume.

Il est fait mention, dans l'introduction aux Volumes 7 à 10, de certains ouvrages traitant des efforts de guerre et des relations extérieures du Canada au cours de cette période. Le lecteur aura également intérêt à consulter les comptes rendus de deux témoins de certains des événements relatés : A. F. W. Plumptre, *Three Decades of Decision: Canada and the World Monetary System, 1944-75*, Toronto, McClelland and Stewart, 1977; Escott Reid, *On Duty: A Canadian at the Making of the United Nations*, Toronto, McClelland and Stewart, 1983. La publication suivante traite également de la participation canadienne à la création des Nations Unies : Clyde Sanger, réd., *Les Canadiens et les Nations Unies*, Ottawa, ministère des Affaires extérieures, 1988. L'ouvrage suivant aborde la question des relations canado-américaines dans le Grand Nord : Shelagh D. Grant, *Sovereignty or Security? Government Policy in the Canadian North, 1936-1950*, Vancouver, University of British Columbia Press, 1988.

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would soon become a reality, and that the optimistic mood pervasive in this volume would not long outlast the euphoria of victory.

The guidelines followed in selecting documents for this volume are those quoted in the Introduction to Volume 7 (pp. ix-xi). The editorial devices and principles are explained in the Introduction to Volume 9 (p. xix). As in that volume, a dagger (†) indicates that a document has not been printed. Document 1252 has been edited in conformity with the Access to Information Act. No other restrictions have affected the publicaton of documents in this volume.

A number of works dealing with Canada's involvement in the war and with external relations during the period are mentioned in the Introductions to Volumes 7-10. Users of this volume will be interested as well in the accounts of two participants in some of the events treated here: A. F. W. Plumptre, *Three Decades of Decision: Canada and the World Monetary System, 1944-75* (Toronto: McClelland and Stewart, 1977); and Escott Reid, *On Duty: A Canadian at the Making of the United Natons* (Toronto: McClelland and Stewart, 1983). Canada's involvement in the founding of the United Nations is also dealt with in Clyde Sanger, ed., *Canadians and the United Nations* (Ottawa: Department of External Affairs, 1988). Canadian-American relations in the north are examined in Shelagh D. Grant, *Sovereignty or Security? Government Policy in the Canadian North, 1936-1950* (Vancouver: University of British Columbia Press, 1988).

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# REMERCIEMENTS

Eric Gilmour a assuré la direction des travaux préparatoires pour le présent et le précédent volumes. F. J. McEvoy a participé au choix et à l'annotation des documents. Je tiens à souligner le précieux apport de MM. Gilmour et McEvoy à la réalisation du présent ouvrage. Les sources des documents publiés ici sont indiquées dans la liste de provenance des documents. Jeannette Fournier et ses collègues de la Direction de la gestion de l'information documentaire, ainsi que le personnel des Archives nationales du Canada, m'ont largement fait bénéficier de leur aide au cours du processus de sélection des documents.

A. F. Hart était directeur de l'ancienne Direction historique pendant que j'effectuais ma recherche en vue de la préparation du présent volume. Janet Bax, qui était directrice de la Direction des relations avec les universités, a assumé la responsabilité des travaux d'histoire pour le Ministère au moment de la conclusion des accords pour fins de publication. Je les remercie tous les deux de leur intérêt et de leur soutien. La préparation technique a été menée à bien, sous la direction de E. A. Kelly, par Isobel Cameron, Elizabeth Heatherington, Dawn Jones, Liza Linklater, Laurel Pardy et Catherine Preston. Mme Cameron a procédé au choix des illustrations et préparé la liste de provenance des documents, la liste des personnalités et l'index. Le manuscrit a été produit au Centre de traitement de texte du ministère sous la direction d'Aline Gélineau. Francine Poirier a assuré la coordination entre les membres de l'équipe de production. Je leur suis reconnaissant du soin et de la patience dont ils ont fait preuve tout au long de leur travail. À titre d'éditeur, je garde la responsabilité des omissions et erreurs qui ont pu se glisser dans le présent ouvrage ainsi que des opinions exprimées dans l'introduction.

# ACKNOWLEDGMENTS

Work on this volume as on its predecessor was begun under the direction of Eric Gilmour. F. J. McEvoy was associated throughout in the collection and annotation of material. I am glad to acknowledge the valuable contribution of Messrs. Gilmour and McEvoy to the text produced here. The sources of the documents published are shown in the Location of Documents list. Jeannette Fournier and her colleagues in the department's Records Management Division and the staff of the National Archives of Canada were of great help during the selection process.

A. F. Hart was director of the former Historical Division while I was engaged in research for the volume, and Janet Bax was director of the Academic Relations Division, which has assumed responsibility for the department's historical work, when the arrangements were completed for publication. I am grateful to both for their interest, encouragement and support. The technical preparation was carried out, under the supervision of E. A. Kelly, by Isobel Cameron, Elizabeth Heatherington, Dawn Jones, Liza Linklater, Laurel Pardy and Catherine Preston. Mrs. Cameron chose the illustrations and prepared the Location of Documents list, the List of Persons and the Index. The manuscript was prepared in the Department of External Affairs Word Processing Centre under the direction of Aline Gélineau. Francine Poirier coordinated the movement of the manuscript among the various members of the production team. I am indebted to all for the careful and patient attention given to the work. Responsibility for the views expressed in the Introduction, is mine as editor.

# LISTE DES ABRÉVIATIONS
# LIST OF ABBREVIATIONS

| | |
|---|---|
| BIT | Bureau international du travail |
| CAB | Civil Aeronautics Board |
| CAS | Chief of the Air Staff |
| CDT | Combined Development Trust |
| CFB | Combined Food Board |
| CGS | Chief of General Staff |
| CJSM | Canadian Joint Staff Mission |
| CMAB | Combined Munitions Assignment Board |
| CMHQ | Canadian Military Headquarters |
| CNS | Chief of the Naval Staff |
| CPC | Combined Policy Committee |
| CPCAD | Commission permanente canado-américaine de défense |
| CPRB | Combined Production and Resources Board |
| CSC | Chiefs of Staff Committee |
| DMS | Department of Munitions and Supply |
| DO | Dominions Office |
| FAO | Food and Agriculture Organization |
| FCNL | French Committee of National Liberation |
| FEA | Foreign Economic Administration |
| FECB | Foreign Exchange Control Board |
| IATA | International Air Transport Association |
| ICAO | International Civil Aviation Organization |
| ILO | International Labour Organization |
| NDHQ | National Defence Headquarters |
| OACI | Organisation de l'aviation civile internationale |
| PHP | Post-hostilities Planning |
| PICAO | Provisional International Civil Aviation Organization |
| PJBD | Permanent Joint Board on Defence |
| TCA | Trans-Canada Airlines |
| UNRRA | United Nations Relief and Rehabilitation Administration |
| WIB | Wartime Information Board |
| WPB | War Production Board |
| WPTB | Wartime Prices and Trade Board |

# PROVENANCE DES DOCUMENTS[2]
# LOCATION OF DOCUMENTS[2]

| | | |
|---|---|---|
| Documents de C. D.Howe, Archives nationales (MG 27 III B20) | C.D.H. | C. D. Howe Papers, National Archives (MG 27 III B20) |
| Dossiers de Canada House, Londres, Archives nationales (RG 25) | CH | Canada House, London, Files, National Archives, (RG 25) |
| Dossiers du ministère des Affaires extérieures[3] | DEA | Department of External Affairs Files[3] |
| Dossiers du ministère des Finances, Archives nationales (RG 19) | DF | Department of Finance Files, National Archives (RG 19) |
| Dossiers du ministère des Munitions et des Approvisionnements, Archives nationales (RG 28 A) | DMS | Department of Munitions and Supply Files, National Archives (RG 28 A) |
| Dossiers du ministère de la Défense nationale, Archives nationales (RG 24) | DND | Department of National Defence Files, National Archives (RG 24) |
| Dossiers du ministère du Commerce, Archives nationales (RG 20) | DTC | Department of Trade and Commerce Files, National Archives (RG 20) |
| Dossiers du Bureau du Conseil privé, Archives nationales (RG2) | PCO | Privy Council Office Files National Archives (RG2) |
| Documents de W. L. Mackenzie King, Archives nationales (notes et mémorandums: MG 26 J4; Lettres: MG 26 J1) | W.L.M.K. | W. L. Mackenzie King Papers National Archives (notes and memoranda: Mg 26 J4; letters: MG 26 J1) |

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[2]Ceci est une liste des symboles utilisés pour indiquer la provenance des documents. Les cotes des collections déposées aux Archives nationales du Canada sont entre parenthèses.
This is a list of the symbols used to indicate the location of the documents. The call numbers of collections deposited at the National Archives of Canada are in parentheses.

[3]Au moment d'aller sous presse, certains des dossiers du ministère des Affaires extérieures utilisés aux fins du présent volume avaient déjà été transférés aux Archives nationales; d'autres étaient toujours sous la garde du ministère.
At the time of publication some of the Department of External Affairs files used had been transferred to the National Archives while some remained in the custody of the Department.

# LISTE DES PERSONNALITÉS[4]
# LIST OF PERSONS[4]

ABBOTT, Douglas C., ministre de la Défense nationale pour les Services navals, 1945-1946; ministre de la Défense nationale, 1945-1946.

ACHESON, Dean, secrétaire d'État adjoint, États-Unis, 1941-1945; sous-sécretaire d'État, 1945-1947.

ADDISON, Vicomte, secrétaire d'État aux Dominions, Grande-Bretagne, 1945-1947.

AMERY, L. S., secrétaire d'État pour l'Inde et la Birmanie, Grande-Bretagne, 1940-1945.

ANDERSON, Sir John, Chancelier de l'Échiquier de Grande-Bretagne, 1943-1945.

ANGUS, H. F., adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures, 1941-1945.

ATHERTON, Ray, ambassadeur des États-Unis, 1943-1948.

ATTLEE, Clement R., Premier ministre adjoint, Grande-Bretagne, 1942-1945; Lord Président du Conseil, 1943-1945; Premier ministre, 1945-1951.

BATEMAN, G. C., contrôleur des métaux ministère des Munitions et des Approvisionnements, 1940-1944; contrôleur associé des métaux et membre adjoint pour le Canada, Commission composée de la production et des ressources, 1944-1946.

BEAUDRY, Laurent, sous-secrétaire d'État adjoint aux Affaires extérieures, 1936-1947.

BEAVERBROOK, Lord, Lord garde du Sceau privé de Grande-Bretagne, 1943-1945.

BERLE, A. A., secrétaire d'État adjoint des États-Unis, 1938-1944; ambassadeur des États-Unis au Brésil, 1945-1946.

BEVIN, Ernest, ministre du Travail et du Service national de Grande-Bretagne, 1940-1945; secrétaire aux Affaires étrangères, 1945-1951.

ABBOTT, Douglas C., Minister of National Defence for Naval Services, 1945-46; Minister of National Defence, 1945-46.

ACHESON, Dean, Assistant Secretary of State of United States, 1941-45; Under-Secretary of State, 1945-47.

ADDISON, Viscount, Secretary of State for Dominion Affairs, Great Britain, 1945-47.

AMERY, L. S., Secretary of State for India and for Burma, Great Britain, 1940-45.

ANDERSON, Sir John, Chancellor of the Exchequer of Great Britain, 1943-45.

ANGUS, H. F., Special Wartime Assistant to Under-Secretary of State for External Affairs, 1941-45.

ATHERTON, Ray, Ambassador of United States, 1943-48.

ATTLEE, Clement R., Deputy Prime Minister of Great Britain, 1942-45; Lord President of the Council, 1943-45; Prime Minister, 1945-51.

BATEMAN, G. C., Metals Controller, Department of Munitions and Supply, 1940-44; Associate Metals Controller and Canadian Deputy Member, Combined Production and Resources Board, 1944-46.

BEAUDRY, Laurent, Assistant Under-Secretary of State for External Affairs, 1936-47.

BEAVERBROOK, Lord, Lord Privy Seal of Great Britain, 1943-45.

BERLE, A. A., Assistant Secretary of State of United States, 1938-44; Ambassador of United States in Brazil, 1945-46.

BEVIN, Ernest, Minister of Labour and National Service of Great Britain, 1940-45; Foreign Secretary, 1945-51.

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[4]Ceci est une sélection des principales personnalités canadiennes et de certaines personnalités de l'étranger souvent mentionnées dans les documents. Les notices biographiques se limitent aux fonctions qui se rapportent aux documents reproduits dans ce volume.
This is a selection of important Canadian personalities and some foreign personalities often mentioned in the documents. The biographical details refer only to the positions pertinent to the documents printed herein.

BRAND, R. H., chef de la Mission alimentaire britannique à Washington, 1941-1944; représentant du Trésor britannique à Washington, 1944-1946; président du Conseil britannique des approvisionnements en Amérique du Nord, 1945-1946.

BRYCE, R. B., économiste, ministère des Finances, 1938-1946.

BYRNES, J. F., secrétaire d'État, États-Unis, 1945-1947.

CADOGAN, Sir Alexander, sous-secrétaire d'État permanent aux Affaires étrangères, Grande-Bretagne, 1938-1946.

CHAPDELAINE, Jean, deuxième secrétaire, ministère des Affaires extérieures, 1943-45 (détaché auprès du Bureau du Conseil privé, 1943-1944); adjoint du sous-secrétaire d'État aux Affaires extérieures, 1945-1946.

TCHANG Kai-chek, généralissime, président, Conseil national suprême de la défense, Chine, 1939-1947; président, Conseil national des affaires militaires, 1932-1946; président, Yuan exécutif, 1939-1945; président, gouvernement national de la République de Chine, 1943-1948.

CHIPMAN, Warwick F., ministre au Chili, 1942-1944; ambassadeur, 1944-1945; ambassadeur en Argentine, 1945-1949.

CLARK, Lewis, premier secrétaire, légation (puis ambassade) des États-Unis, 1942-45; conseiller, 1945-1946.

CLARK, W. C., sous-ministre des Finances et secrétaire du Conseil du Trésor, 1932-1952.

CLAXTON, Brooke, adjoint parlementaire au président du Conseil privé, 1943-1944; ministre de la Santé nationale et du Bien-être social, 1944-1946.

CLAYTON, W. L., secrétaire adjoint au Commerce des États-Unis, 1942-1944; secrétaire d'État adjoint, 1944-1945; sous-secrétaire d'État aux Affaires économiques, 1945-1947.

COYNE, J. E., adjoint exécutif du gouverneur de la Banque du Canada, 1945-49.

CRANBORNE, Vicomte, secrétaire aux Dominions, Grande-Bretagne, 1943-1945; leader de la Chambre des Lords, 1942-1945.

CURTIN, John, Premier ministre et ministre de la Défense de l'Australie, 1941-1945.

DALTON, Hugh, président de la Chambre de commerce de Grande-Bretagne, 1942-1945; Chancelier de l'Échiquier, 1945-1947.

BRAND, R. H., Head, British Food Mission in Washington, 1941-44; Representative of British Treasury in Washington, 1944-46; Chairman, British Supply Council in North America, 1945-46.

BRYCE, R. B., Economist, Department of Finance, 1938-46.

BYRNES, J. F., Secretary of State of United States, 1945-47.

CADOGAN, Sir Alexander, Permanent Under-Secretary of State for Foreign Affairs of Great Britain, 1938-46.

CHAPDELAINE, Jean, Second Secretary, Department of External Affairs, 1943-45 (seconded to Privy Council Office, 1943-44); Assistant to Under-Secretary of State for External Affairs, 1945-46.

CHIANG Kai-shek, Generalissimo, Chairman, Supreme National Defence Council of China, 1939-47; Chairman, National Military Affairs Council, 1932-46; President, Executive Yuan, 1939-45; Chairman, National Government of Republic of China, 1943-48.

CHIPMAN, Warwick F., Minister in Chile, 1942-44; Ambassador, 1944-45; Ambassador in Argentina, 1944-49;

CLARK, Lewis, First Secretary, Legation (later Embassy) of United States, 1942-45; Counsellor, 1945-46.

CLARK, W. C., Deputy Minister of Finance and Secretary of the Treasury Board, 1932-52.

CLAXTON, Brooke, Parliamentary Assistant to the President of the Privy Council, 1943-44; Minister of National Health and Welfare, 1944-46.

CLAYTON, W. L., Assistant Secretary of Commerce of United States, 1942-44; Assistant Secretary of State, 1944-45; Under-Secretary of State for Economic Affairs, 1945-47.

COYNE, J. E., Executive Assistant to Governor of Bank of Canada, 1945-49.

CRANBORNE, Viscount, Secretary of State for Dominion Affairs, Great Britain, 1943-45; Leader of the House of Lords, 1942-45.

CURTIN, John, Prime Minister and Minister for Defence of Australia, 1941-45.

DALTON, Hugh, President of the Board of Trade of Great Britain, 1942-45; Chancellor of the Exchequer, 1945-47.

DE GAULLE, général Charles, président, Comité français de la libération nationale, 1943-1944; chef du gouvernement provisoire de la République française et chef des forces armées, 1944-1945; Président, ministre de la Défense nationale et chef des Armées, 1945-1946.

DE HAUTECLOCQUE, Jean-Marie François, ambassadeur de France, 1945-1947.

DÉSY, Jean, ministre au Brézil, 1941-1944; ambassadeur, 1944-1947.

DEUTSCH, J. J., adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures, 1942-1944.

DUFF, Sir Patrick, haut commissaire adjoint de Grande-Bretagne, 1941-1944.

DUPUY, Pierre, chargé d'affaires, légation auprès des gouvernements alliés à Londres, 1943-1944; chargé d'affaires, légation auprès de la Belgique, 1944-1945; ministre (puis ambassadeur) aux Pays-Bas, 1945-1952.

EDEN, Anthony, secrétaire d'État aux Affaires étrangères, Grande-Bretagne, 1940-1945; leader de la Chambre des communes, 1942-1945.

EISENHOWER, général Dwight D., commandant en chef, forces alliées en Afrique du Nord, 1942-1944; commandant suprême, force expéditionnaire alliées en Europe occidentale, 1944-1945; commandant, zone d'occupation américaine en Allemagne, 1945; chef d'état-major, Armée des États-Unis, 1945-1948.

EMRYS-EVANS, P.V., sous-secrétaire d'État au Parlement pour les Affaires des dominions, Grande-Bretagne, 1942-1945.

EVATT, H.V., ministre des Affaires extérieures et procureur général d'Australie, 1941-1949.

FOSTER, général de division W. W., commissaire spécial aux Projets de Défense dans le Nord-Ouest du Canada, 1943-1945.

FRASER, Peter, Premier ministre de Nouvelle-Zélande, 1940-1949, ministre des Affaires étrangères et des Territoires insulaires, 1943-1949.

GILL, lieutenant-colonel E. W. T., secrétaire du Comité des chefs d'état-major et membre du secrétariat du Cabinet, 1944-1946.

GLAZEBROOK, G. P. de T., adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures, 1942-1946.

GORDON, Donald, président, Commission de contrôle des prix et du commerce en temps de guerre, 1941-1947.

DE GAULLE, General Charles, President, French Committee of National Liberation, 1943-44; Head of French Provisional Government and Chief of Armed Forces, 1944-45; President, Minister of National Defence and Head of the Armies, 1945-46.

DE HAUTECLOCQUE, Jean Marie François, Ambassador of France, 1945-47.

DÉSY, Jean, Minister in Brazil, 1941-44; Ambassador, 1944-47.

DEUTSCH, J. J., Special Wartime Assistant to Under-Secretary of State for External Affairs, 1942-44.

DUFF, Sir Patrick, Deputy High Commissioner of Great Britain, 1941-44.

DUPUY, Pierre, Chargé d'Affaires, Legation to Allied Governments in London, 1943-44; Chargé d'Affaires, Legation in Belgium, 1944-45; Minister (later Ambassador) in the Netherlands, 1945-52.

EDEN, Anthony, Secretary of State for Foreign Affairs of Great Britain, 1940-45; Leader of the House of Commons, 1942-45.

EISENHOWER, General Dwight D., Commander-in-Chief, Allied Forces in North Africa, 1942-44; Supreme Commander, Allied Expeditionary Force in Western Europe, 1944-45; Commander, American Occupation Zone of Germany, 1945; Chief of Staff, United States Army, 1945-48.

EMRYS-EVANS, P. V., Parliamentary Under-Secretary of State for Dominion Affairs, Great Britain, 1942-45.

EVATT, H. V., Minister for External Affairs and Attorney-General of Australia, 1941-49.

FOSTER, Major-General W. W., Special Commissioner for Defence Projects in Northwest Canada, 1943-45.

FRASER, Peter, Prime Minister of New Zealand, 1940-49; Minister of External Affairs and Island Territories, 1943-49.

GILL, Lieutenant-Colonel E. W. T., Secretary to Chiefs of Staff Committee and Member of Cabinet Secretariat, 1944-46.

GLAZEBROOK, G. P. de T., Special Wartime Assistant to Under-Secretary of State for External Affairs, 1942-46.

GORDON, Donald, Chairman, Wartime Prices and Trade Board, 1941-47.

GROMYKO, Andrei A., ambassadeur de l'Union soviétique aux États-Unis, 1943-1946.

HALIFAX, Vicomte, ambassadeur de Grande-Bretagne aux États-Unis, 1941-1946.

HEENEY, A. D. P., greffier du Conseil privé et secrétaire du Cabinet, 1940-1949.

HENRY, R. A. C., sous-ministre de la Reconstruction, 1944-1945; président du Conseil du transport aérien, 1944-1948.

HICKERSON, J. D., chef de la Division des Affaires du Commonwealth britannique, Département d'État des États-Unis, 1944; directeur adjoint au Bureau des Affaires européennes, 1944-1947; Secrétaire à la section des États-Unis du Conseil mixte permanent sur la Défense, 1940-1946.

HOLMES, J. W., adjoint au ministère des Affaires extérieures, 1943-1944; deuxième Secrétaire du Haut-Commissariat en Grande-Bretagne, 1945-1947.

HOWE, C. D., ministre des Munitions et des Approvisionnements, 1940-1945; ministre de la Reconstruction, 1944-1945.

HUDD, Frederic, secrétaire par intérim, haut commissariat en Grande-Bretagne, 1941-1947.

HULL, Cordell, secrétaire d'État des États-Unis, 1933-1944.

IGNATIEFF, George, deuxième secrétaire, haut commissariat en Grande-Bretagne, 1943-1944; deuxième secrétaire, ministère des Affaires extérieures, 1944-1946.

ILSLEY, J.L., ministre des Finances et Receveur général, 1940-1946.

IRELAND, Agnes, commis, niveau 4, ministère des Affaires extérieures, 1943-1947.

JEBB, Gladwyn, conseiller, Foreign Office de Grande-Bretagne, 1943-1945.

KEARNEY, John, Haut-Commissaire en Irlande, 1941-1945; ministre en Norvège, 1945-1946.

KEENLEYSIDE, H. L., sous-secrétaire d'État adjoint aux Affaires extérieures, 1941-1944; haut commissaire par intérim à Terre-Neuve, 1944; ambassadeur au Mexique 1944-1947.

KEYNES, Lord, conseiller, Trésor de Grande-Bretagne, 1940-1946.

KING, William Lyon Mackenzie, Premier ministre et président du Conseil privé, 1935-1948; secrétaire d'État aux Affaires extérieures, 1935-1946.

KOO, Wellington, ambassadeur de Chine en Grande-Bretagne, 1941-1946.

GROMYKO, Andrei A., Ambassador of Soviet Union in United States, 1943-46.

HALIFAX, Viscount, Ambassador of Great Britain in United States, 1941-46.

HEENEY, A. D. P., Clerk of the Privy Council and Secretary to the Cabinet, 1940-49.

HENRY, R. A. C., Deputy Minister, Department of Reconstruction, 1944-45; Chairman, Air Transport Board, 1944-48.

HICKERSON, J. D., Chief, Division of British Commonwealth Affairs, Department of State of United States, 1944; Deputy Director, Office of European Affairs, 1944-47; Secretary, United States Section, Permanent Joint Board on Defence, 1940-46.

HOLMES, J. W., Assistant, Department of External Affairs, 1943-44; Second Secretary, High Commission in Great Britain, 1945-47.

HOWE, C. D., Minister of Munitions and Supply, 1940-45; Minister of Reconstruction, 1944-45.

HUDD, Frederic, Acting Secretary, High Commission in Great Britain, 1941-47.

HULL, Cordell, Secretary of State of United States, 1933-44.

IGNATIEFF, George, Second Secretary, High Commission in Great Britain, 1943-44; Second Secretary, Department of External Affairs, 1944-46.

ILSLEY, J. L., Minister of Finance and Receiver General, 1940-46.

IRELAND, Agnes, Clerk, Grade IV, Department of External Affairs, 1943-47.

JEBB, Gladwyn, Counsellor, Foreign Office, Great Britain, 1943-45.

KEARNEY, John, High Commissioner in Ireland, 1941-45; Minister in Norway, 1945-46.

KEENLEYSIDE, H. L., Assistant Under-Secretary of State for External Affairs, 1941-44; Acting High Commissioner in Newfoundland, 1944; Ambassador in Mexico, 1944-47.

KEYNES, Lord, Adviser, Treasury of Great Britain, 1940-46.

KING, William Lyon Mackenzie, Prime Minister and President of the Privy Council, 1935-48; Secretary of State for External Affairs, 1935-46.

KOO, Wellington, Ambassador of China in Great Britain, 1941-46.

LECKIE, maréchal de l'Air Robert, chef par intérim de l'état-major de l'Air, 1943-1944; chef, 1944-1947.

LEPAN, D. V., deuxième secrétaire, haut commissariat en Grande-Bretagne, 1945-1946.

LYTTLETON, Oliver, ministre de la Production, Grande-Bretagne, 1942-1945.

MACCALLUM, Elizabeth P., commis principal au ministère des Affaires extérieures, 1942-1947.

MACDONALD, Malcolm, Haut-Commissaire de Grande-Bretagne, 1941-1946.

MACDONALD, Scott, conseiller au ministère des Affaires extérieures, 1940-1944; Haut-Commissaire à Terre-Neuve, 1944-1948.

MACDONNELL, R. M., premier secrétaire, ministère des Affaires extérieures, 1943-1947; membre, Commission permanente canado-américaine de défense, 1944-1947.

MACKAY, R. A., adjoint spécial au sous-secrétaire d'État aux Affaires extérieures, 1943-1946.

MACKENZIE, Dean C. J., président intérimaire du Conseil national de recherches, 1943-1944; président, 1944-1952.

MACKINNON, J. A., ministre du Commerce, 1940-1948.

MACKINTOSH, W. A., adjoint spécial au sous-ministre des Finances, 1939-1944; directeur général de la recherche économique au ministère de la Reconstruction, 1944-1946.

MAHONEY, Merchant M., conseiller de légation (plus tard, l'ambassade) aux États-Unis, 1941-1945; Haut-Commissaire en Irlande, 1945-1946.

MARTIN, Paul, adjoint parlementaire auprès du ministre du Travail, 1943-1945; secrétaire d'État, 1945-1946.

MASSEY, Vincent, haut commissaire en Grande-Bretagne, 1935-1946.

MASTER, Oliver, sous-ministre adjoint, ministère du Commerce, 1941-1957; sous-ministre par intérim, 1942-1945.

MAYRAND, Léon, premier Secrétaire de légation en Argentine, 1943-1944; premier Secrétaire d'ambassade en Union soviétique, 1944-1946.

MCKINNON, H. B., président du Conseil du Tarif, 1940-1959.

MITCHELL, Humphrey, ministre du Travail, 1941-1950.

LECKIE, Air Marshal Robert, Acting Chief of the Air Staff, 1943-44; Chief, 1944-47.

LEPAN, D. V., Second Secretary, High Commission in Great Britain, 1945-46.

LYTTLETON, Oliver, Minister of Production of Great Britain, 1942-45.

MACCALLUM, Elizabeth P., Principal Clerk, Department of External Affairs, 1942-47.

MACDONALD, Malcolm, High Commissioner of Great Britain, 1941-46.

MACDONALD, Scott, Counsellor, Department of External Affairs, 1940-44; High Commissioner in Newfoundland, 1944-48.

MACDONNELL, R. M., First Secretary, Department of External Affairs, 1943-47; Member, Permanent Joint Board on Defence, 1944-47.

MACKAY, R. A., Special Assistant to Under-Secretary of State for External Affairs, 1943-46.

MACKENZIE, Dean C. J., Acting President, National Research Council, 1943-44; President, 1944-52.

MACKINNON, J. A., Minister of Trade and Commerce, 1940-48.

MACKINTOSH, W. A., Special Assistant to Deputy Minister of Finance, 1939-44; Director General, Economic Research, Department of Reconstruction, 1944-46.

MAHONEY, Merchant M., Counsellor, Legation (later Embassy) in United States, 1941-45; High Commissioner in Ireland, 1945-46.

MARTIN, Paul, Parliamentary Assistant to Minister of Labour, 1943-45; Secretary of State, 1945-46.

MASSEY, Vincent, High Commissioner in Great Britain, 1935-46.

MASTER, Oliver, Assistant Deputy Minister of Trade and Commerce, 1941-57; Acting Deputy Minister, 1942-45.

MAYRAND, Léon, First Secretary, Legation in Argentina, 1943-44; First Secretary, Embassy in Soviet Union, 1944-46.

MCKINNON, H. B., Chairman, Tariff Board, 1940-59.

MITCHELL, Humphrey, Minister of Labour, 1941-50.

MOLOTOV, V. M., commissaire aux Affaires étrangères, Union soviétique, 1939-1945.

MORGENTHAU, Henry, junior, secrétaire du Trésor, États-Unis, 1934-1945.

MURCHIE, lieutenant-général J. C., chef d'état-major général, 1944-1945; chef d'état-major, quartier général militaire canadien, Londres, 1945-1946.

ODLUM, major-général Victor, ambassadeur en Chine, 1943-1947.

PARSONS, James G., chef adjoint à la Division des Affaires du Commonwealth britannique, Département d'État des États-Unis, 1945-1947.

PASVOLSKY, Leo, adjoint spécial du secrétaire d'État aux États-Unis, 1939-1946.

PEARSON, L. B., ministre-conseiller, légation (puis ambassade) aux États-Unis 1942-1945; ambassadeur, 1945-1946.

PIERCE, S. D., représentant du ministère des Munitions et des Approvisionnements aux États-Unis, 1940-1944; adjoint spécial du sous-secrétaire d'État aux Affaires extérieures, 1944-1947.

PLUMPTRE, A. F. W., attaché financier, légation (puis ambassade) aux États-Unis, 1942-1945; secrétaire, Commission de contrôle des prix et du commerce en temps de guerre, 1945-1947.

POWER, Charles G., ministre de la Défense nationale pour l'Air, 1940-1944; ministre associé de la Défense nationale, 1940-1944.

RAE, Saul, deuxième secrétaire, Bureau du représentant canadien auprès du Comité français de libération nationale, Alger, 1944; deuxième secrétaire, ambassade en France, 1944-1946.

RALSTON, J. L., ministre de la Défense nationale, 1940-1944.

RASMINSKY, Louis, adjoint exécutif du gouverneur de la Banque du Canada, 1943-1954.

READ, J. E., conseiller juridique, ministère des Affaires extérieures, 1929-1946.

REID, Escott, deuxième secrétaire, ministère des Affaires extérieures, 1941-1944; premier secrétaire, ambassade aux États-Unis, 1944-1945; conseiller, haut commissariat en Grande-Bretagne, 1945-1946.

RIDDELL, R. G., adjoint en temps de guerre, ministère des Affaires extérieures, 1943-1946.

MOLOTOV, V. M., Commissar for Foreign Affairs, Soviet Union, 1939-49.

MORGENTHAU, Henry, Jr., Secretary of the Treasury of United States, 1934-45.

MURCHIE, Lieutenant-General J. C., Chief of the General Staff, 1944-45; Chief of Staff, Canadian Military Headquarters, London, 1945-46.

ODLUM, Major-General Victor, Ambassador in China, 1943-47.

PARSONS, James G., Assistant Chief, Division of British Commonwealth Affairs, Department of State of United States, 1945-47.

PASVOLSKY, Leo, Special Assistant to Secretary of State of United States, 1939-46.

PEARSON, L. B., Minister-Counsellor, Legation (later Embassy) in United States, 1942-45; Ambassador, 1945-46.

PIERCE, S. D., Representative of Department of Munitions and Supply in United States, 1940-44; Special Assistant to Under-Secretary of State for External Affairs, 1944-47.

PLUMPTRE, A. F. W., Financial Attaché, Legation (later Embassy) in United States, 1942-45; Secretary, Wartime Prices and Trade Board, 1945-47.

POWER, Charles G., Minister of National Defence for Air, 1940-44; Associate Minister of National Defence, 1940-44.

RAE, Saul, Second Secretary, Office of Canadian Representative to French Committee of National Liberation, Algiers, 1944; Second Secretary, Embassy in France, 1944-46.

RALSTON, J. L., Minister of National Defence, 1940-44.

RASMINSKY, Louis, Executive Assistant to Governor of Bank of Canada, 1943-54.

READ, J. E., Legal Adviser, Department of External Affairs, 1929-46.

REID, Escott, Second Secretary, Department of External Affairs, 1941-44; First Secretary, Embassy in United States, 1944-45; Counsellor, High Commission in Great Britain, 1945-46.

RIDDELL, R. G., Wartime Assistant, Department of External Affairs, 1943-46.

RITCHIE, A. E., adjoint principal, chef de la Section de l'ennemi, mission du ministère britannique de la guerre économique, Washington, 1942-1944; troisième secrétaire, ambassade du Canada aux États-Unis, 1944-1945; deuxième secrétaire, 1945-1946.

RITCHIE, A. E., Senior Assistant, Head of Enemy Section, British Ministry of Economic Warfare Mission, Washington, 1942-44; Third Secretary, Canadian Embassy in United States, 1944-45; Second Secretary, 1945-46.

RITCHIE, C. S. A., premier secrétaire, haut commisariat en Grande-Bretagne, 1943-1945; premier secrétaire, ministère des Affaires extérieures, 1945-1947.

RITCHIE, C. S. A., First Secretary, High Commissionion in Great Britain, 1943-45; First Secretary, Department of External Affairs, 1945-47.

RIVE, Alfred, premier secrétaire, ministère des Affaires extérieures, 1940-1944; conseiller, ministère des Affaires extérieures, 1944-1945; secrétaire par intérim, haut commissariat en Grande-Bretagne, 1945-1946.

RIVE, Alfred, First Secretary, Department of External Affairs, 1940-44; Counsellor, 1944-45; Acting Secretary, High Commission in Great Britain, 1945-46.

ROBERTSON, N. A., sous-secrétaire d'État aux Affaires extérieures, 1941-1946.

ROBERTSON, N. A., Under-Secretary of State for External Affairs, 1941-46.

SMITH, Arnold, troisième Secrétaire de légation (plus tard, l'ambassade) en Union soviétique, 1942-1944; deuxième Secrétaire, 1943-1945.

SMITH, Arnold, Third Secretary, Legation (later Embassy) in Soviet Union, 1942-44; Second Secretary, 1944-45.

SMUTS, général Jan Christiaan, Premier ministre, ministre des Affaires extérieures et ministre de la Défense, Afrique du Sud, 1939-1948.

SMUTS, General Jan Christiaan, Prime Minister, Minister of External Affairs and Minister of Defence of Union of South Africa, 1939-48.

SOONG, T. V., ministre des Affaires étrangères de Chine, 1941-1944; Premier ministre, 1944-1947.

SOONG, T. V., Minister of Foreign Affairs of China, 1941-44; Premier, 1944-47.

SOWARD, F. H., adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures, 1943-1946.

SOWARD, F. H., Special Wartime Assistant to Under-Secretary of State for External Affairs, 1943-46.

SPOOLE, Paul-Henri, ministre des Affaires étrangères de Belgique, 1939-1946.

SPOOLE, Paul-Henri, Minister of Foreign Affairs of Belgium, 1939-46.

STETTINIUS, Edward R., junior, sous-secrétaire d'État des États-Unis, 1943-1944; secrétaire d'État, 1944-1945.

STETTINIUS, Edward R., Jr., Under-Secretary of State of United States, 1943-44; Secretary of State, 1944-45.

STIMSON, Henry L., secrétaire de la Guerre des États-Unis, 1940-1945.

STIMSON, Henry L., Secretary of War of United States, 1940-45.

ST. LAURENT, Louis, ministre de la Justice et Procureur général, 1941-1946.

ST. LAURENT, Louis, Minister of Justice and Attorney General, 1941-46.

STONE, Thomas A., premier secrétaire, ministère des Affaires extérieures, 1943-1944; conseiller, haut commissariat en Grande-Bretagne, 1944; chargé d'affaires, légation auprès des gouvernements alliés, Londres, 1944-1945; premier secrétaire, ministère des Affaires extérieures, 1945; conseiller, ambassade aux États-Unis, 1945-46.

STONE, Thomas A., First Secretary, Department of External Affairs, 1943-44; Counsellor, High Commission in Great Britain, 1944; Chargé d'Affaires, Legation to Allied Governments in London, 1944-45; First Secretary, Department of External Affairs, 1945; Counsellor, Embassy in United States, 1945-46.

SWINTON, Lord, ministre du Cabinet de Grande-Bretagne en poste en Afrique occidentale, 1942-1944; ministre de l'Aviation civile, 1944-1945.

SWINTON, Lord, Cabinet Minister of Great Britain Resident in West Africa, 1942-44; Minister of Civil Aviation, 1944-45.

SYMINGTON, H. J., président de Trans-Canada Airlines, 1941-1947.

SYMINGTON, H. J., President, Trans-Canada Airlines, 1941-47.

TOWERS, Graham, gouverneur de la Banque du Canada, 1934-1954; président de la Commission de contrôle du change étranger, 1934-1951.

TURGEON, W. F. A., ministre en Argentine, 1941-1944; ministre au Chili, 1941-1942; ambassadeur au Mexique, 1944; ambassadeur en Belgique et ministre au Luxembourg, 1944-1946.

VANIER, major-général G. P., représentant auprès du Comité français de libération nationale, 1943-1944; ambassadeur en France, 1944-1953.

VYSHINSKY, Andrei, premier commissaire adjoint du peuple aux Affaires étrangères, Union soviétique, 1940-1946.

WARNER, Edward, président de la Commission de l'aéronautique civile des États-Unis, 1943-1945; président du Conseil provisoire de l'Organisation provisoire de l'aviation civile internationale, 1945-1947.

WEBSTER, Sir Charles K., professeur d'histoire internationale, titulaire de la chaire Stevenson, London School of Economics, 1932-1953; employé au Département de la recherche du Foreign Office de Grande-Bretagne, 1943-1946; membre des Délégations de Grande-Bretagne à la Conférence de Dumbarton Oaks en 1944, à la Conférence de San Francisco en 1945 et à la Commission préparatoire des Nations Unies en 1945.

WERSHOF, Max, deuxième secrétaire, ambassade aux États-Unis, 1943-1944; deuxième secrétaire, ministère des Affaires extérieures, 1944-1948.

WHITE, Harry D., adjoint auprès du secrétaire du Trésor, États-Unis, 1943-1945; secrétaire adjoint, 1945-1946.

WINANT, J. G., ambassadeur des États-Unis en Grande-Bretagne, 1941-1946; représentant des États-Unis auprès de la Commission consultative européenne, 1943-1947.

WRONG, Hume, sous-secrétaire d'État adjoint aux Affaires extérieures, 1942-1944; sous-secrétaire d'État associé aux Affaires extérieures, 1944-1946.

TOWERS, Graham, Governor, Bank of Canada, 1934-54; Chairman, Foreign Exchange Control Board, 1934-51.

TURGEON, W. F. A., Minister in Argentina, 1941-44; Minister in Chile, 1941-42; Ambassador in Mexico, 1944; Ambassador in Belgium and Minister in Luxembourg, 1944-46.

VANIER, Major-General G. P., Representative to French Committee of National Liberation, 1943-44; Ambassador in France, 1944-53.

VYSHINSKY, Andrei, First Deputy People's Commissar of Foreign Affairs, Soviet Union, 1940-46.

WARNER, Edward, Chairman, Civil Aeronautics Board, United States, 1943-45; President, Interim Council of Provisional International Civil Aviation Organization, 1945-47.

WEBSTER, Sir Charles K., Stevenson Professor of International History, London School of Economics, 1932-53; Clerk, Research Department, Foreign Office of Great Britain, 1943-46; Member, Delegations of Great Britain to Dumbarton Oaks Conference, 1944, San Francisco Conference, 1945 and Preparatory Commission of United Nations, 1945.

WERSHOF, Max, Second Secretary, Embassy in United States, 1943-44; Second Secretary, Department of External Affairs, 1944-48.

WHITE, Harry D., Assistant to Secretary of the Treasury of United States, 1943-45; Assistant Secretary, 1945-46.

WINANT, J. G., Ambassador of United States in Great Britain, 1941-46; Representative of United States on European Advisory Commission, 1943-47.

WRONG, Hume, Assistant Under-Secretary of State for External Affairs, 1942-44; Associate Under-Secretary, 1944-46.

# ILLUSTRATIONS

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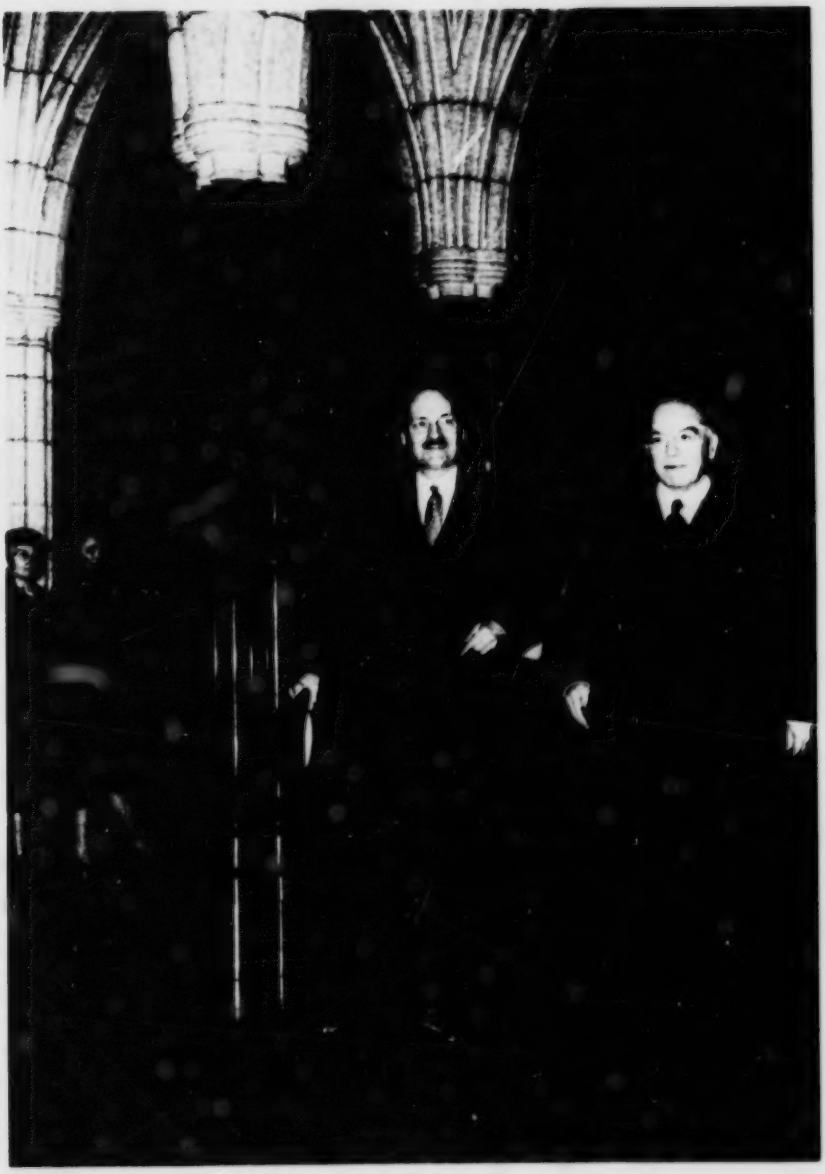


C 47582

Clement Attlee, Premier ministre de Grande-Bretagne, accompagné du Premier ministre Mackenzie King, se rend à la Chambre pour prononcer un discours à une séance conjointe de la Chambre des communes et du Sénat, le 19 novembre 1945.

Clement Attlee, Prime Minister of Great Britain, with Prime Minister Mackenzie King on his way to address a joint session of the House of Commons and the Senate in the Commons Chamber, November 19, 1945.

C 20129

International News Photo

Lester B. Pearson, ambassadeur aux États-Unis, signe l'Accord de Bretton Woods, le 28 décembre 1945.

Lester B. Pearson, Ambassador to the United States, signing the Bretton Woods Agreement, December 28, 1945.

PA 139755

Leo Rosenthal

De gauche à droite : C. D. Howe, ministre des Munitions et des Approvisionnements, H. J. Symington, président, Trans-Canada Airlines, et J. A. Wilson, directeur des Services aériens du ministère des Transports, à la Conference de l'aviation civile internationale, à Chicago, en novembre 1944.

Left to right: C. D. Howe, Minister of Munitions and Supply, H. J. Symington, President of Trans-Canada Airlines, and J. A. Wilson, Director of Air Service, Department of Transport, at the International Civil Aviation Conference, Chicago, November 1944.

C 47573

Réunion de membres de la délégation canadienne participant à la Conférence des Nations Unies à San Francisco, en mai 1945. De gauche à droite: P. E. Renaud, Escott Reid, Gordon Robertson, Louis Rasminsky, Warwick Chipman, Hume Wrong, N. A. Robertson, L. B. Pearson, Jean Désy, L. D. Wilgress, C. S. A. Ritchie, le lieut.-gén. M. A. Pope.

A meeting of members of the Canadian Delegation attending the United Nations Conference at San Francisco, May 1945. Left to right: P. E. Renaud, Escott Reid, Gordon Robertson, Louis Rasminsky, Warwick Chipman, Hume Wrong, N. A. Robertson, L. B. Pearson, Jean Désy, L. D. Wilgress, C. S. A. Ritchie, Lt. Gen. M. A. Pope.

C 23261

Délégués à la Conférence des Nations Unies à San Francisco, avril-juin 1945 1ère rangée : Louis Saint-Laurent, W. L. Mackenzie King e rangée : Cora Casselman, M. J. Coldwell et Gordon Graydon.

Delegates to the United Nations Conference, San Francisco, April-June, 1945. 1st Row: Louis St. Laurent, W. L. Mackenzie King. 2nd Row: Cora Casselman, M. J. Coldwell and Gordon Graydon.

C 22717

Louis Saint-Laurent et le Premier ministre Mackenzie King à la Conférence de San Francisco, avril-juin 1945.

Louis St.Laurent and Prime Minister Mackenzie King at the San Francisco Conference, April-June, 1945.

C 22715

Le Premier ministre Mackenzie King prenant la parole à la Conférence de San Francisco, le 26 avril 1945.

Prime Minister Mackenzie King addressing the San Francisco Conference, April 26, 1945.

C 18532

Photo des Nations Unies

L. B. Pearson prenant la parole à l'un des comités de la Conférence des Nations Unies sur l'Organisation internationale, à San Francisco, avril-juin 1945.

L. B. Pearson addressing one of the committees at the United Nations Conference on International Organization, San Francisco, April-June, 1945.

PA 117587

L. B. Pearson prenant la parole à la Conférence de la FAO, à Québec, en octobre 1945.

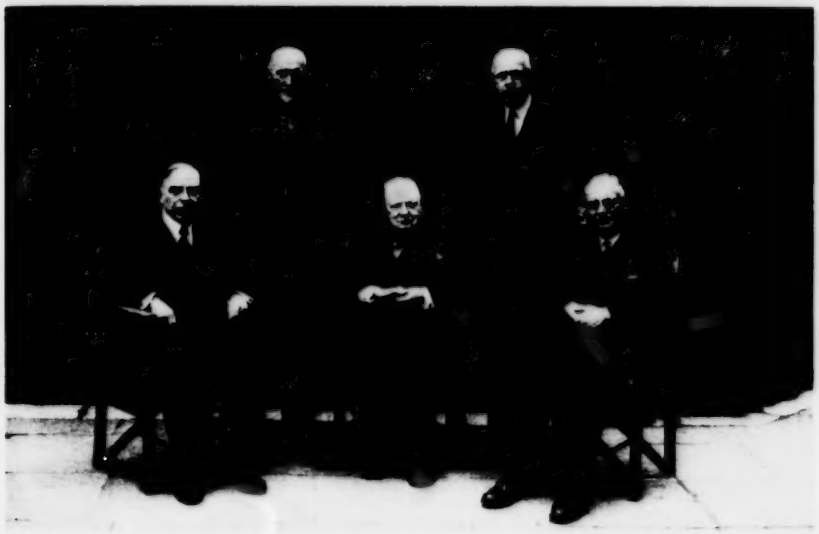
L. B. Pearson speaking at United Nations Food Conference, Quebec, October 1945.

C 23271

Harris and Ewing

Le Premier ministre Clement R. Attlee de Grande-Bretagne, le Président Harry S. Truman des États-Unis et le Premier ministre Mackenzie King à la Maison-Blanche au terme de la Conférence sur la bombe atomique tenue à Washington du 12 au 15 novembre 1945.

Prime Minister Clement R. Attlee of Great Britain, President Harry S. Truman of the United States and Prime Minister Mackenzie King at the White House at the conclusion of the Atomic Bomb Conference held in Washington, November 12-15, 1945.



C 13194

À la Conférence des premiers ministres tenue à Londres en mai 1944. De gauche à droite : (assis) W. L. Mackenzie King, Winston Churchill, John Curtin (Australie); (debout) le général Jan Christiaan Smuts (Afrique du Sud), Peter Fraser (Nouvelle Zélande).

At the Prime Minister's Conference in London, May, 1944. Left to right: (seated) W. L. Mackenzie King, Winston Churchill, John Curtin (Australia); (standing) General Jan Christiaan Smuts (South Africa), Peter Fraser (New Zealand).

C 999

W. L. Mackenzie King et Vincent Massey à la Conférence des premiers ministres.

W. L. Mackenzie King and Vincent Massey at Prime Ministers' Conference.

C 68673

Le Premier ministre Mackenzie King prenant la parole devant les deux chambres du Parlement britannique à Westminster, le 11 mai 1944. À la tribune, de gauche à droite : le vicomte Cranborne, (derrière Mackenzie King) le vicomte Simon (Grand Chancelier d'Angleterre), Winston Churchill, le col. Douglas Clifton Brown (président de la Chambre des communes), Clement R. Attlee.

Prime Minister Mackenzie King addressing both Houses of the British Parliament at Westminster, May 11, 1944. On platform, left to right: Viscount Cranborne, (behind King) Viscount Simon (Lord Chancellor), Winston Churchill, Col. Douglas Clifton Brown (Speaker of the House of Commons), Clement R. Attlee.

## CHAPITRE I/CHAPTER I

# PLANIFICATION DE L'APRÈS-GUERRE
# POST-HOSTILITIES PLANNING

**1.** DEA/7-Js

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum by Assistant Under-Secretary of State for External Affairs*

[Ottawa,] February 23, 1944

CANADIAN PLANNING FOR THE INTERNATIONAL SETTLEMENT[1]

1. The time has arrived for preparing more comprehensive Canadian material on the various aspects of the armistice period and peace settlement. Our current preparations do not cover the whole ground and have made very uneven progress. We have made most progress in the two fields of international civil aviation and international economic policies. As these are parts of a related whole, it is becoming important that our studies in other fields should catch up with what has been done on these subjects. For example, the security aspects of international civil aviation are left hanging in the air until we can relate them to the world security organization. We have, however, developed fairly clear ideas of what we should reject and what we can support in such questions as civil aviation, monetary stabilization and commercial policy.

2. Exchanges of views are about to begin in Washington between the United Kingdom, the United States and perhaps the Soviet Governments on the world security organization forecast by the Moscow Declaration.[2] It is certain that at the Prime Ministers' Conference in London these questions and many related matters of political, defence and economic policies will be discussed. On these subjects it would be wasted effort for Canada to attempt to plan from the foundation upwards, since as a secondary country we have not a great enough influence to make our views prevail. We should, however, be in a position at least to decide what is not acceptable and to advocate changes or additions to fit our particular interests.

3. It seems, therefore, most desirable that we should both start an orderly study of special questions which have hitherto been neglected, and at the same

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[1]Le Comité de guerre du Cabinet avait pris acte du mémorandum le 1er mars et l'avait approuvé. Voir le volume 10, document 710.
The memorandum was noted with approval by Cabinet War Committee on March 1. See Volume 10, Document 710.

[2]Voir le volume 9, documents 247 et 248.
See Volume 9, Documents 247 and 248.

time follow very closely the plans which are being developed between the Great Powers so that we can comment on them from the Canadian point of view with confidence and celerity.

4. With regard to special studies, the Advisory Committee on Post Hostilities Problems can through its dependent Working Committee institute a programme covering the field of Canadian Defence and security. The preparation might be put in hand of a basic paper on possible dangers to Canadian security after the war. This should be supplemented by special studies on a number of particular topics such as: post-war defence arrangements with the United States; the position of Canada in the case of difficulties between the United States and the Soviet Union; Canadian defence policy with respect to Newfoundland, Greenland and Iceland; and the Canadian position in a North Atlantic and a North Pacific security zone. An important question which may at any time become pressing is the relative advantage to Canada of regional or of world-wide security arrangements. Another problem which may assume importance is whether air training in Canada should after the war be restricted to domestic needs.

5. The topics just suggested, to which others could readily be added, relate to definite Canadian interests in security arrangements. At the same time it is desirable that close attention should be paid to the plans being developed for application in other regions. The bulk of our information comes from the United Kingdom, and we are now receiving their draft plans in great volume covering all sorts of questions from the location of the North Eastern Italian frontiers to the military aspect of any post-war security organization.

6. In addition to questions directly related to security further thought should be given to broad political and economic problems. In the political field the Canadian Government will before long be called upon to answer such difficult questions as: How far can authority reasonably be concentrated in the hands of the Great Powers after the war? How great commitments can be accepted by Canada to maintain peace and to further prosperity? Should Canadian membership in the British Commonwealth involve any exclusively Commonwealth commitments? Should Canada seek to act mainly as a secondary world power or as an influential member of the Commonwealth?

7. What is agreed upon before the end of the war is likely to determine the course of history for many years to come. The problems mentioned in this note are mainly long-range problems. Nevertheless the answers to them will grow out of wartime decisions, reached often in a hurry so as to take advantage of personal conferences of leading statesmen or of an opportune moment to secure a firm reply from one of the leading powers. To pay attention now to these problems is, therefore, a necessary complement to meeting the problems of the conduct of the war. The conduct of the war, indeed, is already beginning to be mixed up with the framing of the peace, and this process will accelerate as the end of the European war draws nearer.

8. It is recommended that:

(a) the Advisory Committee on Post-Hostilities Problems should initiate a programme of special studies, to be undertaken by its Working Committee, on questions relating to Canadian security of the type mentioned in paragraph 4;

(b) comments should be prepared, by the Working Committee or by the Department of External Affairs or other agency appropriate to the subject, on draft proposals relating to the armistice and peace received from the United Kingdom or other sources when Canadian interests are directly involved in these proposals;

(c) draft statements of Canadian policy covering the type of questions referred to in paragraph 6 should be prepared in the Department of External Affairs.

**2.** DEA/7-ABs

*Mémorandum du ministère des Affaires extérieures*

*Memorandum by Department of External Affairs*

TOP SECRET [Ottawa,] April 19, 1944

POST-HOSTILITIES AND POSTWAR PLANNING

CANADA

(1) The War Committee of the Cabinet constituted a Post-hostilities Advisory Committee on December 16, 1943. It consists of Messrs. Robertson, Wrong, Heeney, W. C. Clark, J. E. St. Laurent, and the chiefs of staff. Ad hoc meetings of the persons now comprising the Advisory Committee had been held since July 22, 1943.

(2) This Advisory Committee has appointed a Working Committee on Post-hostilities Problems. This Working Committee has held fortnightly meetings since August 1943. The chairman is Mr. Wrong, and the secretary Mr. Holmes from the Department of External Affairs. It includes representatives from the planning directorates of the three Services, External Affairs, and the Privy Council Office. It has been studying the U.K. P.H.P. papers and has sent comments to the U.K. Committee on them. Australia and New Zealand are setting up P.H.P. committees and, at New Zealand's request, Canada is exchanging papers with New Zealand.

(3) The Working Committee on March 2, 1944, submitted a memorandum to the Advisory Committee which was subsequently approved of by the Advisory Committee. The memorandum reads as follows:

"The working Committee on Post-Hostilities Problems desire to report that a stage has been reached in their work at which a more exact programme should be laid down for their guidance. The Committee have hitherto been occupied mainly with the study of papers received from the Post-Hostilities Planning Sub-Committee in London and related documents, and on these they have from time to time submitted reports to the Advisory Committee.

Experience has shown that it is desirable that the activities of the Working Committee should be expanded. It should remain an important part of their functions to study the papers received from London. Their study of these papers should be directed to two principal ends:

(1) The offering of comments from time to time to the London Committee from the Working Committee on drafts under consideration in London; this has already been done in the case of the papers relating to the security aspects of international civil aviation and comments are now being prepared on the paper entitled 'Military Aspect of any Post-War Security Organization.' When papers are received at an early stage of preparation which involve either general or particular Canadian interests, the Working Committee can in this way bring to notice of the P.H.P. Sub-Committee in London considerations which seem to them to have been overlooked or under-emphasized. This can be done in an informal manner without committing the Canadian Government to a definite opinion. This procedure was proposed to the Prime Minister before the Working Committee's comments on the paper dealing with civil aviation were submitted, and it received his approval.

(2) The preparation of observations and reports based mainly on these papers and designed to insure that the responsible Canadian authorities are familiar with the main lines of the plans being framed in London, so that they will be in a position to comment, if necessary, at a later stage when the plans become a question of intergovernmental consultation. General reports of this character dealing with plans for the occupation of Germany have been submitted to the Advisory Committee, and have been employed by the Advisory Committee in submitting observations to the Cabinet War Committee.[3]

The Working Committee has not as yet undertaken the preparation of original papers dealing with particular Canadian security problems. While all such planning must be hypothetical and contingent until the outlines of the international security system are fixed, nevertheless it is desirable that attention should be directed to questions of the type listed below, even if it be found impossible to frame specific recommendations. It is, therefore, suggested that the Advisory Committee should authorize a programme of study, which might include the following subjects:

(i) Advantages and disadvantages to Canada of organizing world security on a regional or on a universal basis;

(ii) Post-war defence arrangements with the United States;[4]

(iii) Canadian policy towards the defence of Newfoundland;[5]

(iv) The Canadian military interest in Greenland and Iceland;

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[3]Volume 10, document 709./Volume 10, Document 709.

[4]Voir le document 981./See Document 981.

[5]Voir *Documents relatifs aux relations entre le Canada et Terre-Neuve*, Volume 1, pièce jointe, document 943.
See *Documents on Relations Between Canada and Newfoundland*, Volume 1, enclosure, Document 943.

(v) The Canadian position in the event of strained relations between the United States and the U.S.S.R.;

(vi) The Canadian role in North Pacific defence;

(vii) Advantages and disadvantages of continuing the British Commonwealth Air Training Plan."

(4) The Working Committee has started to work on topics i and ii. Topic iii is being pursued through other channels.

**3.** DEA/7-ABs

*Le ministre, l'ambassade aux États-Unis,*
*au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Minister, Embassy in United States,*
*to Assistant Under-Secretary of State for External Affairs*

SECRET Washington, April 27, 1944

Dear Mr. Wrong,

On April 22nd, under cover of our despatch No. 1014,[1] we sent to you a memorandum of April 21st[1] which Reid had prepared on planning in the United States State Department on the international political aspects of the peace settlement.

I think it would help us to get more information from the State Department on their views in this field if we were able to give them some indications of how our own minds are moving. Do you think it would be possible for you to let us have papers prepared by your working committee on post-hostilities problems which we could give informally to the State Department? It could be made clear that the papers did not commit the Canadian government, but had been prepared by your working committee as a basis for discussion.

Some of the papers prepared by the committee would not, I realise, be in a form in which they could appropriately be transmitted to the State Department since they are comments on United Kingdom P.H.P. papers. However, I would assume that these papers could be recast in a form in which they were not comments on U.K. papers, but were self-contained.

One paper which I think would be of special interest to the State Department would be the one on advantages and disadvantages to Canada of organizing world security on a regional or on a universal basis.[6] Clearly one of the most difficult problems which the State Department and Foreign Offices of the other principal United Nations have to face is that of reconciling regional security arrangements and mutual defence pacts with a universal security system.

I do not, of course, know whether an offer by us to give the State Department some of our studies would result in their being willing to give us some of theirs in return. It might be difficult for them to do that since at the

[6]Document 363.

moment their intention is to circulate papers only to the U.K. and the U.S.S.R. However, the chances of our getting useful information from them would undoubtedly be increased if we were to give them the papers. There is also, of course, the possibility that our papers might have some influence on their own thinking before their views had become too crystallized.

If you do decide to send us papers for transmission to the State Department, it would be necessary to decide what channels we should use. It seems to me that Reid might give them either to Notter or to Pasvolsky. The advantage of giving them to Pasvolsky is that this would put us in direct touch with the key man in the State Department planning. On the other hand, you might feel that this was putting the exchange on too high a level.

Whatever your decision is on whether or not to give us papers for transmission to the State Department, I hope that you will find it possible to send us papers for our own consideration.

Yours sincerely,

L. B. PEARSON

P.S. I do not know whether you are contemplating doing a paper on the relationship between functional international organizations and the general international organization. This is a subject on which I know you have done a good deal of thinking. It would be a good subject for treatment in a paper to be given the State Department since they are particularly interested in it.

**4.** DEA/7-ADs

*Le sous-secrétaire d'État par intérim aux Affaires extérieures au ministre, l'ambassade aux États-Unis*

*Acting Under-Secretary of State for External Affairs to Minister, Embassy in United States*

SECRET Ottawa, May 11, 1944

Dear Mr. Pearson,

We have been considering the suggestions made in your letter of April 27th, looking to the possible exchange of material with the State Department on the planning of the international settlement. The more information that the Embassy can secure from the State Department on their plans the better. I am afraid, however, that if they should prove willing to exchange papers with us on a barter basis the traffic would not be large.

The first enclosure to this letter is a note entitled "Canadian Planning for the International Settlement,"[7] which I prepared on February 22nd. This indicates the nature of the methods which we are employing and the limited scope of our endeavours. You will observe, from the fourth paragraph on page 1, that we are refraining from any attempt to draw up Canadian schemes for the organization of world security and are confining ourselves largely to the

[7]Document 1.

study of proposals which reach us from other countries, and especially the United Kingdom. It might be advantageous for us to attempt more than this if we had the time and the people to do so.

We have not sent to you all the papers which would be useful to give you a picture of what is being done here. In despatch No. 916 of August 16th, 1943,† the organization of the Working Committee on Post Hostilities Problems was explained. In despatches No. 1399 of December 3rd† and No. 70 of January 24th† the first and second reports of the Working Committee to the Advisory Committee were forwarded. I enclose some additional papers, which may be of interest, as follows:

(2) Note by the Working Committee on a London P.H.P. paper entitled "Military Aspect of the New Postwar Security Organization;"†

(3) Views of the Working Committee on London P.H.P. paper "Civil Air Transport and Security Problems;"†

(4) A study by the Working Committee, which has now been forwarded to the Advisory Committee, entitled "Advantages and Disadvantages of the Regional Organization of Security and Defence."†

I am also sending to you, under a separate letter, a memorandum,† approved by the Working Committee, dealing with the Soviet proposals that members of the German armed forces should be made prisoners of war at the Armistice.

None of this material is in a form in which it can be handed to the State Department without change, although a good deal of it may be useful as a guide when these matters are being discussed by the Embassy with officers of the State Department. We have, however, prepared a revised version of the paper on "The Regional Organization of Security and Defence" which could be given to the State Department if it is desirable to do so. Please remember, however, that we are not likely to produce many papers of this sort, and consider whether you should hand them this paper without receiving some undertaking to reciprocate on their part.

If you feel it desirable to attempt an exchange, I think it better that this should not be done on as high a level as Pasvolsky. We have found it essential in our contact with the Post Hostilities Problems Committee in London to reach an understanding that the papers produced by them and by us should receive only a very narrow circulation, and should be regarded merely as expressing the views of the individuals concerned. At this stage at least, therefore, you must, I think, keep any arrangements of this sort that you can make with the State Department on the same level.

We have now had twenty meetings of the Working Committee. I think we could agree to send you the Minutes of all future meetings if you would like to have them. I am enclosing the Minutes of a meeting held on April 27th,† which was called particularly for the purpose of hearing the views of Lieutenant Commander Todd on the P.H.P. Committee in London. Todd, who used to belong to the Working Committee here, has been in London for some months, and is the Naval Liaison Officer with the P.H.P. Committee. Actually, the Minutes do not give full weight to the point of view which he felt that the

P.H.P. Committee held, but you will see the kind of impression that he got. I think that this attitude of mine [mind?] is more firmly rooted in London in the Service Departments than in the Foreign Office or other civil Departments concerned with the planning of the settlement.

I noted, particularly, your remark that it was the intention to circulate United States papers to the United Kingdom and the U.S.S.R. We had heard nothing about this before and it seems rather important to know the extent to which it is to be carried on. One of the difficulties we have at the moment in sending you material for the State Department is that a good deal of it takes the form of commentary on P.H.P. papers. So long as there is no United Kingdom-United States exchange we do not feel that we can even indicate the subjects on which the P.H.P. Committee is working. If, however, there was at least some exchange of papers or reports, we could feel more free in this way. I am, therefore, writing to Mr. Ritchie to ask him if he has any information on this point.

The suggestion made in the postscript to your letter is interesting, but I also find it rather frightening, and I think that it is not a suitable subject for study by the Working Committee, since it really does not concern the Service Departments. Furthermore, it would involve the development and evaluation of so many assumptions on the probable form of international organization that I hesitate to hold out any prospect that we shall undertake it.

Yours sincerely,

H. H. WRONG

P.S. I forgot to mention that the final enclosures are two copies of the paper on regional organization, altered so that it could be seen by the State Department. The enclosures numbered 1 to 5 are, of course, for use in the Embassy only.

**5.** DEA/7-ADs

*Le sous-secrétaire d'État adjoint aux Affaires extérieures au ministre, l'ambassade aux États-Unis*

*Assistant Under-Secretary of State for External Affairs to Minister, Embassy in United States*

SECRET Ottawa, June 2, 1944

In continuation of my letter of May 23rd[1] dealing with the planning of the international settlement, I enclose, herewith, a copy of the Minutes of the meetings of the Post-Hostilities Working Committee held on May 5th and May 19th.[2] I am afraid that these Minutes will not be very intelligible since they constantly refer to papers which we are not in a position to pass on to you. If, however, you notice in them any question of special interest on which you would like to receive further information we shall do our best to satisfy you.

On further reflection, I think it would be unwise for Mr. Reid to give the State Department an informal memorandum on the question of an international police force. There is, of course, no harm in discussing the possibilities

along the lines of the draft memorandum enclosed with your letter of May 19th but I would rather not let the State Department have a document which might acquire in the process of circulation a greater degree of authority as expressing the Canadian point of view than is warranted by the facts.

I am not yet able to let you have a copy of the draft United Kingdom paper on the Organization of World Security which was before the Prime Ministers' Meeting. There are only 2 or 3 copies in Ottawa and we cannot spare one at present. In any case, some revision of this paper was agreed upon in London and further changes are, so far as I know, still under discussion. I gather that when conversations on the subject begin in Washington it is likely that Sir Alexander Cadogan will come from London and that Mr. Jebb will accompany him.

The main task before the Working Committee at present is the preparation of a paper on defence arrangements between the United States and Canada after the war. This has now reached draft No. 2 but it will have to be substantially revised before it goes further. I may be able to send you a copy after the next revision in perhaps a fortnight or so as I shall be glad to have your comments before the paper takes its final form.

Yours sincerely,

H. H. WRONG

**6.** DEA/7-ADs

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures*[a]

*Memorandum by Assistant Under-Secretary of State for External Affairs.*[a]

[Ottawa,] June 12, 1944

The representation of the Department on the Working Committee on Post-Hostilities Problems has become too cumbrous and it is necessary to re-examine the position. At the last meeting of the Working Committee there were seven members of this Department. The Air Force, Navy and Privy Council Office were each represented by one officer and the Army by two.

The original representation of this Department consisted of myself as chairman, Glazebrook as alternate and Holmes as secretary. Since then Ignatieff has become assistant secretary in view of the heavy volume of documents to be handled.

As chairman of the Committee, I think that the best organization for us to adopt would be for the regular departmental representation to consist of myself, Holmes and Ignatieff. When problems of direct concern to other Divisions of the Department are under consideration a representative of the Division would be invited to attend and in any case copies of the more important documents would be circulated for information to other Divisions. The Committee is designed to be an interdepartmental study group and its

[a]Le mémorandum était adressé à G. Glazebrook, à J. W. Holmes et à G. Ignatieff.
The memorandum was addressed to G. Glazebrook, J. W. Holmes and G. Ignatieff.

membership has not been selected with a view to representing all of those concerned in its work in this or in other Departments.

H. W[RONG]

7.

DEA/7-ADs

*Mémorandum du premier secrétaire,*
*le haut commissariat en Grande-Bretagne,*
*au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from First Secretary, High Commission in Great Britain,*
*to Assistant Under-Secretary of State for External Affairs*

SECRET

London, June 30, 1944

Dear Mr. Wrong,

On May 11th you wrote to me enclosing a copy of a letter from Mr. Pearson of April 27th on the subject of closer liaison between the State Department and ourselves on the planning of the settlement. I have had a talk with Colonel Cornwall-Jones, the Secretary of the Post-Hostilities Planning Staff, about the questions raised in your letter. He tells me that at the present time there is no exchange going on on the Post-Hostilities Planning Staff level between themselves and the Americans. It is felt here that any exchanges of papers at this level would have to wait until the forthcoming discussions on Future World Organisation have been launched in Washington. After the Foreign Office memoranda on this subject have been tabled it would then be desirable to have further exchanges at a lower level, probably through the British Staff Mission in Washington.

One of the reasons for waiting until after the Washington talks for any unofficial exchanges of views is the anxiety of the United Kingdom authorities to avoid anything that might arouse suspicion in the minds of the Russians that there had been unofficial agreement between the United Kingdom and American authorities before the tripartite discussions began, and that the Russians were in fact being "ganged up on." I have told Cornwall-Jones of the steps which we have taken in the direction of exchanging papers with the State Department and I have also assured him that none of the views of the Post Hostilities Planning people in London would be passed on through this channel to the State Department.

Yours sincerely,

C. S. A. RITCHIE

**8.** DEA/7-ABs

*Extrait du procès-verbal de la 27e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of the Twenty-Seventh Meeting of the Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] July 28, 1944

MINUTES OF THE TWENTY-SEVENTH MEETING OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS HELD ON THURSDAY, JULY 27TH, AT 4.30 P.M. IN ROOM 123 IN THE EAST BLOCK.

PRESENT:
H. H. Wrong, Esq., Department of External Affairs, Chairman
H. L. Keenleyside, Esq., Department of External Affairs
Captain G. R. Miles, Department of National Defence (Naval Services)
Group Captain G. W. Coleman, Department of National Defence (Air)
Lt. Col. J. G. Collinson, Department of National Defence (Army)
Commander D. K. MacTavish, Privy Council Office
Lt. Commander J. S. Hodgson, Department of National Defence (Navy)
Squadron-Leader L. H. Phinney, Department of National Defence (Air)
Captain D. A. Hogg, Department of National Defence (Army)
J. W. Holmes, Esq., Department of External Affairs, Secretary
G. Ignatieff, Esq., Department of External Affairs, Assistant Secretary.

. . .

Colonel Collinson explained that the revision of "Draft 2" of the longer paper on Canadian defence relations with the United States was not yet ready for submission to the Committee but he hoped to have this available for the next meeting.

The Chairman expressed the view that it might soon be necessary to review the organization of the Committee, and consider whether it might not be necessary to have a small group of junior members who could give greater attention to the drafting of papers and the study of subjects referred to them. The subjects under consideration by the Committee could be divided roughly into two groups:

(a) short-term — armistice, arrangements for the occupation and control of Germany in the immediate post-surrender period.

(b) long-term — future international organization, defence arrangements between Canada, the United [States], the United Kingdom and other Commonwealth countries, base facilities and other questions involving the definition of post-war Canadian strategic policy.

The questions under consideration belonged to group B, and as suggested in the "Preliminary Paper" on post-war defence arrangements with the United States,† there were three main aspects of Canadian defence policy, each of which was closely related to the other two. The Chairman thought that it would probably be necessary to give parallel consideration to each of these, if a balanced view of Canadian military policy were to be developed. It was difficult to make much progress until agreement had been reached on the form

of the future international organization and until there had been some definition of the military obligations which might arise under the new world security organization.

. . .

**9.** DEA/7-ADs

*Extrait du procès-verbal de la 29e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of the Twenty-Ninth Meeting of the Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] August 26, 1944

MINUTES OF THE TWENTY-NINTH MEETING OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS HELD ON FRIDAY, AUGUST 25TH, AT 4.30 P.M. IN ROOM 123 IN THE EAST BLOCK.

PRESENT:

H. H. Wrong, Esq., Department of External Affairs, Chairman
Colonel J. H. Jenkins, Department of National Defence (Army)
Lt. Col. J. G. Collinson, Department of National Defence (Army)
Lt. Col. R. G. C. Smith, Department of National Defence (Army)
Lt. Commander J. S. Hodgson, Department of National Defence (Naval Services)
R. M. Macdonnell, Esq., Department of External Affairs
J. W. Holmes, Esq., Department of External Affairs, Secretary.

. . .

4. *Post-hostilities Joint Drafting Group.*

It was agreed to establish a Post-hostilities Joint Drafting Group consisting of representatives of the three services and External Affairs. The Service members of the group would remain as part of the planning section of their respective services, but would seek to devote whatever time was necessary to the preparation of drafts for consideration by the working committee. It was agreed that it would not be necessary to secure further authority for such a step, as it could be taken on the responsibility of the respective Directors of Plans and of the chairman for External Affairs. Mr. Wrong expressed the view that although there was no pressure at the moment to produce papers, it was desirable that such a group study the problems which would have to be faced, so that they could be ready to produce plans quickly when the need arose.

It was agreed that Lt. Commander Hodgson, Lt. Col. Smith and Mr. Ignatieff would serve on the group. Mr. Wrong was requested to discuss with Group Captain Hanna the views of the Air Force and if they were agreeable, to the appointment of an Air Force representative. After discussion with Group Captain Hanna, Mr. Ignatieff would be instructed to call the group together.

**10.** DEA/7-ABs

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Under-Secretary of State for External Affairs to High Commissioner in Great Britain*

TOP SECRET Ottawa, January 3, 1945

Dear Mr. Massey,

We have recently been approached by the United Kingdom High Commissioner's Office concerning the work carried on in London by the Post Hostilities Planning Staff and certain new developments in the relationship between the Post Hostilities Planning bodies in Ottawa and that organization. This question was referred to in Mr. Ritchie's letter to Mr. Wrong of December 19th.[1]

As you know, as the result of the reorganization of the P.H.P. organization in London, the Post Hostilities Planning Staff some time ago came under the Chiefs of Staff Committee and assumed a predominantly military character. The United Kingdom Chiefs of Staff are now reviewing the United Kingdom's post-war security position in all possible contingencies. On the one hand they are preparing plans on the assumption of a creation of an effective world security organization and the continuance of existing alliances, including the twenty years' Anglo-Soviet treaty. On the other hand, their appreciations of the long range security position of the United Kingdom must also take into account alternative hypotheses such as that the Dumbarton Oaks proposals remain unrealized and the Anglo-Soviet alliance is broken.

The preparation of such appreciations has been entrusted to the Post Hostilities Planning Staff. This body is in a position to prepare papers on the basis of assumptions without committing in any way the United Kingdom Chiefs of Staff or any Government authority. However, as these studies are predominantly of a military character it is intended that questions arising from them should be handled solely through service channels and not through the Dominions Office or Foreign Office as heretofore.

We are assured that it is the intention to keep the military authorities in Canada in touch with the studies of the planners in the United Kingdom, and the P.H.P. Planning Staff propose to continue to send their papers for transmission to the post hostilities planning bodies in Ottawa. While the exact channel to be employed is not altogether clear, it would seem to be most probable that the papers are to be sent to the Canadian Joint Staff Mission in London, which would, in turn, be at liberty to transmit the material to the Chiefs of Staff in Ottawa.

I suggest that you should discuss this question with the principal officers of the Joint Staff Mission with a view to establishing this channel of communication. It is important, however, to make it clear to the United Kingdom authorities that we appreciate the extreme secrecy of P.H.P. Staff papers, and

that we understand that the views expressed in them in no way represent the views of the United Kingdom Government or the United Kingdom Chiefs of Staff.

For your information I should explain that the two Post Hostilities Planning Committees in Ottawa are not comparable in organization to the Post Hostilities Planning Staff in London. The constitution of the Committees here is essentially on a joint military and civil basis. They have been studying long-range security problems of concern to Canada, but little of this material would be in appropriate form to pass on to the Post Hostilities Planning Staff in London. Most of their papers are prepared for submission to the War Committee. They, therefore, tend to be of a less tentative character than the products of the Post Hostilities Planning Staff in London. We shall continue to send copies of certain of the papers both to Canada House and the Joint Staff Mission, and some of this material may be suitable for passing on to the Post Hostilities Planning Staff.

I might mention that the Prime Minister, who has been informed of this question, considers that any United Kingdom papers which may be communicated to the Canadian Chiefs of Staff should be made available to those who are working on similar problems here. The Joint Staff Mission might be informed of this.

Yours sincerely,

N. A. ROBERTSON

**11.** DEA/7-ABs

*Le haut commissaire en Grande-Bretagne*
*au sous-secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Under-Secretary of State for External Affairs*

SECRET [London,] February 6, 1945

Dear Mr. Robertson,

I should like to refer to your letter of January 3rd, in which you discussed the channels by which studies of the Post Hostilities Planning Staff in London might be communicated to the Post Hostilities Planning Committee in Ottawa.

This subject was raised at a meeting between the Canadian Joint Staff Mission and myself held on January 16th, a copy of the minutes of which was enclosed with my letter of January 22nd.[†] It was agreed at that meeting that the proposal to change the channel of transmission to a Service-to-Service basis instead of from the Dominions Office to External Affairs, in view of the changed nature of the Post-Hostilities Planning Staff in London, should be raised by the Canadian Joint Staff Mission with the British Chiefs of Staff at a meeting to be held on the 19th January. It was not possible to discuss this matter at that meeting, but the Canadian Joint Staff Mission has pursued the matter subsequently with the British Chiefs of Staff.

The British Chiefs of Staff remain exceedingly nervous about the circulation of their papers, in view of the acute embarrassment which might be caused if their purpose were misunderstood. They have agreed to provide four copies each of their papers to the Canadian Joint Staff Mission in London on the understanding that one copy will be retained and three copies will be sent to the Chiefs of Staff Committee in Ottawa, one for each of the Services. They insist, however, that if a copy were provided either for Canada House or for the Department of External Affairs the change in the method of transmission would make no difference at all, as the papers would in the end have the same distribution as previously.

When it was pointed out to them that the Post-Hostilities Planning Committees in Ottawa, unlike those in London, included as active participants representatives of the Department of External Affairs, they agreed that it would be difficult for the Service members not to let the political members of the Committee see the documents sent to them. They seemed to desire that this should be carried out discreetly, and I do not think they would approve of a copy being made for the Department. They could not agree to the provision of a copy for Canada House, nor to allowing members of this Staff to see the papers in the hands of the Joint Staff Mission. The difference between situations in Ottawa and London presumably is that in Ottawa there is a Post-Hostilities Planning Committee which makes sharing practically unavoidable.

You will find the proposals of the Post Hostilities Planning Staff described in detail in C.J.S.M. 15 addressed to the Chiefs of Staff in Ottawa.[†] In paragraph 4 of that signal it is stated that I am prepared to agree to the omission of Canada House from the distribution of P.H.P. papers, at least until it becomes apparent that the papers are of some political value. This report was based upon a misunderstanding. While I was at first inclined to think that we might let matters ride, upon reflection it seems to me that the present proposals ought not to be accepted. These papers may be prepared by military authorities, but they have important political significance. Although the role of the Foreign Office in their preparation has been considerably reduced, it has not been totally excluded. For our part we need not ask even to be provided with copies but simply to be allowed to be kept in touch with the contents of the papers by our own Service representatives in London. If it is possible to allow representatives of External Affairs in Ottawa to see these papers, there seems no legitimate reason for excluding representatives of External Affairs in London. We appreciate perfectly the basis on which these papers are prepared and the need for the utmost discretion. As a matter of principle it would, I think, be unfortunate if information of this kind were placed in the hands of Canadian Service representatives in London and not shared with representatives of the civil power.

The Secretary of the Canadian Joint Staff Mission is, I believe, sending a message to the Chiefs of Staff,[†] correcting the previous report as to my views. I thought it wise, however, to supplement his telegram with a more adequate explanation of my opinion. It should not be implied, however, that there has

arisen any difference of opinion between the Staff Mission and myself over this issue.

Yours sincerely,
[VINCENT MASSEY]

**12.** DEA/7-ADs

*Extrait du procès-verbal de la 41e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of the Forty-First Meeting of the Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] March 2, 1945

MINUTES OF THE FORTY-FIRST MEETING OF THE WORKING COMMITTEE ON POST HOSTILITIES PROBLEMS HELD ON THURSDAY, MARCH 1ST, IN ROOM 123 IN THE EAST BLOCK.

PRESENT:
H. H. Wrong, Esq., Department of External Affairs, Chairman
Major General Maurice Pope, Privy Council Office,
Colonel J. H. Jenkins, Department of National Defence, Army,
Captain H. S. Rayner, Department of National Defence, Navy,
Group Captain W. F. Hanna, Department of National Defence, Air,
Captain D. K. MacTavish, Privy Council Office,
Lt. Col. R. G. C. Smith, Department of National Defence, Army,
Lt. Commander J. S. Hodgson, Department of National Defence, Navy,
Squadron Leader J. M. Sutherland, Department of National Defence, Air,
C. S. A. Ritchie, Esq., Department of External Affairs,
R. M. Macdonnell, Esq., Department of External Affairs,
G. Ignatieff, Esq., Department of External Affairs, Secretary.

. . .

4. *Post-War Canadian Defence Planning.* The Chairman recalled that at the last meeting a paper on the Post-war Canadian Defence Relation with the British Commonwealth, prepared by the P.H.P. Joint Drafting Group,[9] had been under discussion, and that it had been decided that considerable revision would be necessary in the light of this discussion. Subsequently, Wing Commander Austin had circulated a comment[1] on the Drafting Group paper which stated as a conclusion that "final recommendations on the matter of organization, training and equipment of our armed forces should be left open until a sound appreciation of our strategic situation is made." The Chairman was inclined to agree that there were too many unknown factors in the post-war situation affecting the problem of Canadian defence policy to enable the Committee to make specific recommendations on some of Lord Cranborne's proposals.[10] Much would depend on the kind of arrangements which were made under a World Security Organization, and also on the plans adopted by the great powers for the enforcement of peace against Germany and Japan.

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[9]Document 784.
[10]Document 780.

He thought that perhaps the Committee should be informed about talks which he had had in Washington in relation to these matters. These had been with the Department of State, and Mr. Pasvolsky had been the principal spokesman. It had come out early in discussions that the State Department were thinking of separate long-term commitments to enforce the peace settlements with Germany and Japan, and regarded such arrangements as coming under Chapter XII of the Dumbarton Oaks proposals. Paragraph 2 of this Chapter stated that "no provision of the Charter should preclude action taken or authorized in relation to enemy states as a result of the present war by the Governments having responsibility for such action."

Hitherto there had been little information regarding the longer term arrangements for the enforcement of peace. We had no information of agreed Plans extending beyond the period of full military government, which might continue for two or three years, and would probably be followed by a period of civil control under a High Commission. Discussions with the State Department revealed that they were thinking along the lines similar to the proposals made by Senator Vandenberg. It was proposed that there would be a continuation of the alliance, at any rate between the great powers, to enforce the peace settlement imposed on Germany and Japan for a lengthy term of years.

Such an arrangement would seem to have the effect of removing some of the principal security problems from the jurisdiction of the international organization, and would tend to diminish the importance of the Security Council. It would have the effect of increasing the relative importance of those functions of the organization which were not concerned with the maintenance of peace and security, and thereby enhance the position of the Assembly and the functional bodies associated with the organization.

The question would arise as to whether Canada and other secondary States would be associated with the peace enforcement arrangements, and what effect these arrangements would have on the military agreements contemplated in the Dumbarton Oaks proposals. It was likely that if the Great Powers accepted responsibility for the enforcement of peace terms against Germany and Japan, they would not be willing to share the making of decisions to take action with any one else. On the other hand, it was possible that other countries may be associated with the arrangements, especially those territorially adjacent to Germany and Japan.

As regards the special military agreements between members of the international organization under Chapter VIII B, paragraph 5, of the Dumbarton Oaks proposals, Mr. Wrong said that the position was by no means clear. He had gathered from his talks in Washington that it was expected that the Great Powers would have to make their agreements first. The other members might be associated with these agreements, possibly, on a regional or group basis. These, however, were only tentative suggestions, and in the circumstances Canada could not develop her planning until the U.K., U.S.A. and U.S.S.R. had reached some agreement on their own responsibilities.

Apart from any agreement under Chapter VIII B, paragraph 5, Mr. Wrong said that it seemed to be expected in Washington that member States would

undertake a general obligation to make transit facilities available to forces deputed to take enforcement action arising out of decisions of the Security Council. This would naturally concern Canada's defence relations with the United States. Such an obligation could be regarded as a minimum contribution — the contribution of the use of ports, railways, and airfields to facilitate the movement of forces operating under the direction of the Security Council. It seemed likely that little objection would be taken to our insisting that the Security Council should not have the right to require the despatch of any Canadian forces overseas without the express consent of the Canadian Government. In conclusion the Chairman mentioned that he did not think that there would be a detailed discussion of military agreements at the San Francisco Conference; this would probably have to be left to be dealt with later on. At San Francisco the pressure might well be to include in the Charter language very similar to that in the Dumbarton Oaks proposals. Preliminary to the San Francisco Conference there would be a discussion of the Dumbarton Oaks proposals in London between Commonwealth governments.

In the discussion which followed Group Captain Hanna asked to what extent Canada might be involved in any peace enforcement agreement reached between the great powers. He pointed out that as a member of the Commonwealth Britain might expect Canada to take a share in this obligation. The Chairman said that it would be difficult to make an exclusive military agreement to this end with the United Kingdom, but Canada might consider being associated with a joint commitment with the United Kingdom and United States. It was essential for the success of the scheme that the United States should participate. Mr. Wrong recalled the failure of the Treaty of Triple Guarantee which had been sought by France as the principal measure of enforcement action after the last war.

As regards the paper on Commonwealth Defence and Lord Cranborne's proposals, it was agreed that it would not be possible to formulate definite recommendations at present.

As regards further studies by the Working Committee the Chairman suggested that it might be desirable to examine what defence interests, if any, Canada had in the North West Staging Route, the Alaska Highway and other United States defence installations in the north-west. The Canol installations and the north-west communications system would also have to be examined. It was agreed that arrangements would be made for drafts to be prepared by the P.H.P. Joint Drafting Group. As regards further meetings of the Committee, it was agreed these should be called by the Chairman as required, or at the request of any member to the Secretary.

13. DEA/7-AQs

*Extrait du procès-verbal de la huitième réunion du Comité consultatif sur les problèmes de l'après-guerre*

*Extract from Minutes of the Eighth Meeting of the Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa,][11]

MINUTES OF THE EIGHTH MEETING OF THE ADVISORY COMMITTEE ON POST HOSTILITIES PROBLEMS HELD ON THURSDAY, MARCH 15TH IN ROOM 123 IN THE EAST BLOCK.

PRESENT:

N. A. Robertson, Esq., Department of External Affairs (Chairman).
Vice Admiral G. C. Jones, Chief of the Naval Staff.
Lieut.-General J. C. Murchie, Chief of the General Staff.
Air-Vice Marshal W. A. Curtis for Chief of the Air Staff.
Major General Maurice Pope, Privy Council Office.
A. D. P. Heeney, Esq., Secretary to the Cabinet.
H. H. Wrong, Esq., Department of External Affairs.
Captain D. K. MacTavish, Privy Council Office (Secretary).
Lt. Col. E. W. T. Gill, Secretary, Chiefs of Staff Committee
G. Ignatieff, Esq., Department of External Affairs, Assistant Secretary.

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2. *Exchange of Papers with the Post Hostilities Planning Staff, London.*

The Chairman explained that the question under consideration was whether the reports produced by the Post Hostilities Planning Committees here should be made available to the Post Hostilities Planning Staff in London in exchange for the papers which are now being sent through the Canadian Joint Staff Mission in London. The London papers were essentially strategic and military studies and it was clear that we had nothing equivalent to offer to the London Committees. The papers produced by the Canadian Post Hostilities Planning Committees contained political considerations and when approved by the War Committee were intended to serve as guidance in policy on various matters.

Certain Canadian P.H.P. papers had already been made available to the United Kingdom authorities, such as the study on the "Advantages and Disadvantages of the Regional Organization of Security and Defence" (C.P.H.P. (44) Report 2 (Final), April 21st, 1944).[†] The Chairman suggested that the paper on Post-War Canadian Defence Relationships with the United States, which had been given War Committee approval, might be passed on to the United Kingdom authorities through the Canadian Joint Staff Mission, London, informally without indicating that it represented approved Government policy.

It was agreed that in principle reciprocity with the United Kingdom P.H.P. Staff was useful but in practice few of the Canadian P.H.P. papers were of a

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[11]Le procès-verbal avait été préparé le 5 avril.
The minutes had been prepared on April 5.

kind which could be shown to the United Kingdom authorities. The study on Canadian Post-War Defence Position in Newfoundland, for instance, contained a number of political questions which made it unsuitable for passing on to the P.H.P. Staff. It was agreed that in the case of the paper on the Post-War Canadian Defence Relations with the United States, Mr. Wrong and General Pope would look over the report and decide whether it was suitable for passing on to the Post Hostilities Planning Staff.

As regards the paper on Newfoundland, Mr. Heeney stated that there had been no appropriate opportunity for the consideration of the Advisory Committee's report by the Cabinet War Committee and there was little prospect that it would come up [for] some time.

The Chairman stated that a further question had been raised with regard to the papers of the Economic and Industrial Planning Staff in London. It was thought that some of the studies of this body might be useful in connection with the consideration of reconstruction problems in Canada. It was felt that little was known about this organization and it was agreed that after enquiry through Canada House, the Secretary should report to the Advisory Committee before any decisions were taken regarding the request for papers from the E.I.P.S.

*Discussion of the Programme of the Working Committee.*

Mr. Wrong said that in his capacity as Chairman of the Working Committee he had to report a decline in the activity of the Committee. The programme recommended by the Advisory Committee had been largely completed, with the exception of the study of the Canadian relationship after the war in matters of Commonwealth defence. There was no prospect at present of any agreed recommendations on this subject unless the assumptions on which the Working Committee should proceed were clearly defined. Such a definition seemed to be inadvisable until a good deal more was known about the general arrangements governing security after the war. A study had been made of Lord Cranborne's proposals but only tentative recommendations could be made at present.

The Chairman said that, while appreciating the difficulties mentioned, he felt that we might be faced at any time with an agreement between the big powers on the enforcement of peace in relation to Germany and Japan, and Canada might be required to define her position. There was also the related question of the engagements against Germany made by the United Kingdom, such as the Anglo-Soviet Alliance, the proposed guarantee of Polish frontiers, and a possible pact with France and the Low Countries. Mr. Robertson said that a study might be made of implications of the various alternatives of policy which Canada might adopt in relation to such arrangements. Some discussion took place on this question. It was agreed that further study in this regard would have to be primarily the responsibility of the Department of External Affairs.

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**14.**

DEA/7-ABs

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Under-Secretary of State for External Affairs to High Commissioner in Great Britain*

SECRET

Ottawa, March 21, 1945

Dear Mr. Massey,

I was interested to receive your letter of February 6th on the subject of the channels by which the studies of the Post Hostilities Planning Staff in London might be communicated to the Post Hostilities Planning Committee in Ottawa.

This question has now been considered in consultation with the Chiefs of Staff Committee and after full consideration it has been decided that the terms suggested by the British Chiefs of Staff to the Canadian Joint Staff Mission governing the distribution of these papers should be accepted. Accordingly, the Chiefs of Staff Committee have, as you doubtless are aware, informed the Joint Staff Mission in London that the procedure suggested in C.J.M.S. 14' is acceptable.

I quite appreciate your own position in the matter as outlined in the last paragraph of your letter. In view of the political significance of some of these papers it would have been desirable, from our point of view, that you should have copies. We should also have liked to have copies made available to the Department of External Affairs, but, under the present arrangements, members of the Department will only be shown copies if they are members of the Post Hostilities Planning Committee.

Our view of this matter was that the anxiety which the British Chiefs of Staff felt regarding the circulation of these papers and to which you refer in your letter was quite comprehensible. We felt that in the circumstances it would hardly be appropriate for us to press the British Chiefs of Staff to extend the circulation of these papers to the Department of External Affairs, nor, indeed, did we feel that any result would be achieved if we attempted to do so in view of the attitude taken by the Post Hostilities Planning Staff in their discussions with the Canadian Joint Staff Mission. The civilian members of our Post Hostilities Planning Committee are to be shown copies of these papers and it was not considered that we should be justified in asking for more than this.

Yours sincerely,

N. A. ROBERTSON

**15.** DEA/7-ABs

***Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures***
***Memorandum by Associate Under-Secretary of State for External Affairs***

[Ottawa,] July 25, 1945

POLITICO-STRATEGIC PLANNING

This note is merely an attempt to list as a basis for discussion the chief matters connected with post-war defence policy and organization which are now pending or are likely to call for active consideration in the near future.

*1. Newfoundland.*

The questions of Canadian defence properties, civil aviation rights, continuing Canadian responsibility for defence and the political and economic policy to be followed towards Newfoundland are all closely connected and require consideration together. The P.H.P. Paper completed in January is already out of date. Do we require some new interdepartmental organization to deal with Newfoundland problems together, containing representatives of External Affairs, Privy Council, Chiefs of Staff and Finance, with authority to co-opt other members for special purposes? Is the time ripe for suggesting a small Cabinet committee on Newfoundland matters?

*2. Post-war Continental Defence.*

The general question has already been raised in the PJBD and informally by the State Department. A study of defence installations in the North West is in draft form.[12] Any decisions should be related to our general appreciation of the international situation over the next ten or fifteen years and that [*sic*] this appreciation must take into account the views formulated in Washington, at any rate in so far as the maintenance of defence installations in Canadian territory is concerned.

*3. Naval bases in Halifax and Esquimalt.*

The position of the Admiralty in these naval bases under the Orders-in-Council adopted on their transfer to Canada has been under consideration and a revised recommendation that the Orders-in-Council should be cancelled has been prepared.[†] This is not a matter of urgency and need only be pursued as a minor aspect of any arrangement with the United Kingdom on post-war defence responsibilities.

*4. Organization of Politico-Strategic Planning.*

It is probably desirable to wind up the existing P.H.P. Committees (which have dealt in the main with short-range problems arising in the course of the war) and to substitute some more permanent machinery for the continuous review of policy. The Working Committee in particular seems to have lost most of its utility and has not met for some time. A senior official body should be part of the machinery with the chairman from External Affairs and with

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[12]Document 987, pièce jointe. Voir aussi le document précédent.
Document 987, enclosure. See also preceding document.

representatives of the Services and the Cabinet Secretariat. This body might establish ad hoc sub-committees to prepare studies on particular problems, the present Working Committee being wound up. The machinery on the official level, however, must be related to whatever ministerial machinery is devised. It is essential for close contact to be maintained with the Ministers who carry the chief responsibilities in this field and policy recommendations should be reviewed in a body smaller than the full Cabinet.

The C.G.S. not long ago requested that the Advisory Committee should consider the post-war arrangements regarding policy and military defence committees in Canada. This request is part of the general problem.

*5. Post-war Service Establishments.*

The War Committee on March 29th directed the Advisory Committee "to initiate a preliminary study of the nature and extent of the permanent forces which Canada should establish and maintain in the period following the conclusion of hostilities." The Services have done some preliminary work on the subject but it would seem unwise to frame specific recommendations until further progress is made in securing an agreed assessment of the general post-war strategic position.

*6. Post-war Defence Relationships within the British Commonwealth.*

At almost any time pressure may be exerted by the United Kingdom Government to secure some agreement on this question. Should there be an Imperial Conference or Conference of Prime Ministers within the next year Canada will undoubtedly be called upon to take a definite position. While studies have been made of the "Cranborne proposals" put forward in London in May 1944, no conclusions have been reached and no reply has been made.

*7. General Politico-Strategic appreciation.*

If feasible, it would be of great assistance in making progress on the matters listed above if an appreciation of the international prospects during the next few years could be approved by the Government. Without such an appreciation (and to some extent even with it), we may find that Canada is involved in a series of commitments, expressed or implied, which have been undertaken separately. In the first instance, this appreciation should be prepared in the Department of External Affairs and circulated for comment as a complete draft. If sufficient progress is made, a general appreciation might be supplemented by special reviews of the position affecting the Services, scientific research in relation to defence and production of strategic supplies.

**16.** DEA/7-AQs

*Extrait du procès-verbal de la neuvième réunion du Comité consultatif sur les problèmes de l'après-guerre*

*Extract from Minutes of the Ninth Meeting of the Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa,] July 31, 1945

MINUTES OF THE NINTH MEETING OF THE ADVISORY COMMITTEE ON POST HOSTILITIES PROBLEMS HELD ON TUESDAY, JULY 31ST IN ROOM 123 IN THE EAST BLOCK.

PRESENT:

N. A. Robertson, Esq., Department of External Affairs (Chairman)
Vice-Admiral G. C. Jones, Chief of the Naval Staff
Lieut.-General J. C. Murchie, Chief of the General Staff
Air-Marshal R. Leckie, Chief of the Air Staff
Major General Maurice Pope, Privy Council Office
A. D. P. Heeney, Esq., Secretary to the Cabinet
H. H. Wrong, Esq., Department of External Affairs
Dr. W. A. Mackintosh, Department of Finance
Captain H. G. DeWolf, Assistant Chief of the Naval Staff
Captain D. K. MacTavish, Privy Council Office (Secretary)
G. Ignatieff, Esq., Department of External Affairs (Assistant Secretary)

*1. Probable Extent and Character of the Post-War Defence Forces in Canada.*

At the invitation of the Chairman, Mr. Heeney explained that the Prime Minister had raised the question of the post-war defence forces of Canada at a recent meeting of the Cabinet and had expressed the view that the Government should be in a position to inform Parliament regarding the forces required to be maintained until the end of the Japanese war, both in terms of home and oversea establishments, and also to indicate the extent and character of the post-war defence forces of Canada, giving approximate figures of the numbers and the financial commitment involved. These were two separate problems, and the Committee was concerned only with the post-war plans of the defence forces. As this question would be considered by the Cabinet on the following day, Mr. Heeney thought the Advisory Committee should make some recommendation.

In the discussion which followed it was pointed out by Mr. Wrong that it was difficult to distinguish sharply between the requirements for armed forces in Stage 2, namely, until the defeat of Japan and certain war requirements such as the army occupation duties which Canadian forces might continue to undertake for a period in Germany and Japan. The C.G.S. pointed out the difficulties already arising with regard to defining the terms of service for Canadian occupation forces in Germany. There was a natural anxiety on the part of those who have been detailed for this service to know the approximate date on which they might expect to return to Canada.

The Chairman suggested that there were two separate problems involved in this connection. On the one hand there was the understanding between the

United Kingdom and Canadian Governments that at the end of the present fiscal year the Canadian Government would review its commitment to furnish occupation forces in Germany in the light of existing circumstances. This had to be distinguished from the administrative problem of arrangements governing the terms of service of personnel for the occupation forces. The first problem had to be decided in terms of conditions in Europe, the extent to which other countries would be in a position in the course of the next months to take over occupation duties, and also the agreements reached between the Governments of the United Kingdom, United States, the Soviet Union and France who had assumed final responsibility for the occupation and control of Germany. The problem of supplying personnel to the Canadian occupation forces which might be left at the end of the present fiscal year might be considered in relation to arrangements that were made for the establishment of Canadian permanent forces after the war. There was no doubt that there would be considerable pressure on the Government to bring back those who were entitled to demobilization at the conclusion of hostilities.

In this connection the Chief of the Air Staff said that the Air Force were planning to use squadrons which would become part of the permanent R.C.A.F. The Chief of the Naval Staff explained that the position of the Royal Canadian Navy was somewhat different. They had no European commitment for occupation forces. Plans have already been made for meeting the Canadian naval commitment in the Pacific war. Apart from the permanent establishment of 10,000 which had already been agreed to, demobilization of personnel was going forward as rapidly as possible.

The Chief of the General Staff explained that a partial process of reconversion was already in progress in the Army, and permanent force personnel were being substituted wherever possible for those entitled to demobilization which is proceeding according to plan. In any case the infiltration of individual permanent force personnel could not offer a solution to the problem of supplying occupation forces overseas, as it would not appear to be possible to substitute entire units. General Murchie also expressed the view that a delay in formulating the post-war army policy would have a bad effect on the standard of any permanent force. Good officers were being lost to civilian employment since it was not possible now to offer them prospects of employment in the permanent forces after the war.

Mr. Wrong suggested that two conflicting considerations were involved. On the one hand it was agreed that in the absence of plans for post-war permanent forces it was inevitable that good men would be lost to the Services; on the other hand, there were too many unknown factors at present to enable plans, except of a very tentative nature, to be submitted to the Government at the present time. However, it was recognized that it would be necessary to draw up a series of reasonable hypotheses upon which plans for the post-war defence forces of Canada could be based. While some work had been done to prepare a basic Canadian politico-strategic appreciation, it was evident that Canada's position would depend largely on the strategic appreciations accepted by the United Kingdom and United States governments. Although something was

known of the post-war planning of the United Kingdom, there was less information available from the United States.

Mr. Heeney mentioned that the Government had under consideration the establishment of a continuing Committee of the Cabinet to consider matters of defence to take over some of the functions of the War Committee. Such a Committee of the Cabinet would no doubt be the most appropriate body to deal with this kind of problem. Should this Cabinet Committee be established an official committee would also have to be set up to act in an advisory capacity. Such a Committee should consist of the Chiefs of Staff and representatives of at least two civilian Departments including External Affairs.

After further discussion it was agreed that Mr. Heeney should submit a note to the Prime Minister† indicating that the question of the post-war defence forces of Canada had been discussed in the Advisory Committee and that it was the view of the Committee that the reports prepared by the three Services on their post-war plans might appropriately, in the first instance, be considered by a Cabinet Committee on Defence.

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**17.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

SECRET [Ottawa,] August 3, 1945

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ARMED FORCES: CONTINUING REQUIREMENTS IN STAGE II; OCCUPATION FORCES; POSTWAR ESTABLISHMENTS; CABINET DEFENCE COMMITTEE

5. THE SECRETARY, referring to the decision at the meeting of July 26th, submitted reports prepared by the Services setting out, in terms of manpower and money, their respective requirements for the current fiscal year, together with a summary thereof, copies of which were circulated to the Ministers present. The Service reports, which had been circulated prior to the meeting, also made reference to the extent and character of postwar military establishments.

On present plans the strength of the Army on March 31st, 1946, would be 308,500, of whom 39,000 would be outside of Canada in the Pacific force and 97,500 elsewhere abroad (including occupation duty); the strength of the Navy would be 43,900, of whom 13,400 would be in the Pacific; the strength of the Air Force would be 130,160, of whom 15,000 would be in the Pacific force and 13,100 elsewhere abroad.

Total costs of the three Services for the maintenance of these forces including personnel remaining in Canada (Army 172,000; Navy 30,500; Air Force 102,060) during the current fiscal year were estimated at some $2,435,541,241.

(Naval memorandum, July 31,1945 — Cabinet Document 13;† Air Force memorandum with appendix, July 31, 1945 — Cabinet Document 14;† Army memorandum, July 28, 1945 — Cabinet Document 15;† Cabinet Secretariat Summary of Service Requirements, August 2, 1945 — Cabinet Document 20†).

6. THE MINISTER OF NATIONAL DEFENCE requested consideration of the policy to govern the length of service of personnel engaged in European occupation duty, and submitted a memorandum, copies of which were circulated.

The period of the Canadian commitment to provide occupational troops had not been fixed although it had been pointed out to the U.K. government that the matter would be subject to review at the end of the current fiscal year.

(National Defence memorandum, August 3, 1945 — Cabinet Document 21†).

7. THE CABINET, after considerable discussion, noted the reports submitted by the Minister of National Defence on behalf of the three Services, and agreed:

(a) that a Cabinet Defence Committee be constituted for consideration of Defence questions, the said Committee to report to the full Cabinet upon major matters of policy relating to the maintenance and employment of the three Services, the said Committee to consist of:

The Ministers of National Defence,
The Minister of Veterans Affairs,
The Minister of Finance,
The Minister of Agriculture,
The Minister of Justice,
The Minister of National Health and Welfare,
The Minister of National War Services;

the Chiefs of Staff, the Under-Secretary of State for External Affairs, and the Secretary to the Cabinet, and such other officers and officials as might from time to time be required, to be in attendance upon the said Committee;

(b) that the said Committee examine and report to the Cabinet upon the programmes of the three Services for the period of continuing hostilities against Japan and, subsequently, upon the extent and nature of postwar military establishments;

(c) that it was desirable to reduce, as rapidly as possible, commitments for occupation duty in Europe and that, in this connection, a draft message to the U.K. government be prepared, for the Prime Minister's approval, stating that the government would wish to begin withdrawing Canadian occupation forces (Army and Air) at the end of the present fiscal year and, in any event, would not wish to have Canadian forces employed in occupation duty for more than one year thereafter; and,

(d) that the Minister of National Defence be authorized to state, as a matter of government policy, that Canadian occupation forces would serve for a limited period only and that personnel thereof would not, in any event, be required to serve on such duty for longer than two years; also that in relation to

such personnel no changes were contemplated in present policies in the matter of Income Tax and War Service gratuities.

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**18.** DEA/AQs

*Mémorandum du deuxième secrétaire[13] aux membres[14] du Comité consultatif sur les problèmes de l'après-guerre*

*Memorandum by Second Secretary[13] to Members[14] of Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa,] October 11, 1945

RECONSTITUTION OF ADVISORY COMMITTEE P.H.P.

At the meeting of the Cabinet War Committee of December 16th, 1943,[15] the establishment of the Advisory Committee P.H.P. was approved as shown below:

*Composition*

The Under-Secretary of State for External Affairs, (Chairman)
The Chief of the Naval Staff
The Chief of the General Staff
The Chief of the Air Staff
The Secretary to the Cabinet
The Deputy Minister of Finance
The Vice-Chairman of the National Harbours Board
Commander MacTavish (Secretary).

*Terms of Reference*

"To give direction and guidance to a Working Committee, to refer to it matters requiring detailed study, and to submit to the Cabinet War Committee, recommendations on Post Hostilities Problems as occasion may arise."

The main purpose of the Advisory Committee was to provide a body in which the three Services and the civil Departments of Government principally concerned should discuss and make recommendations on problems mainly relating to the defence and security of Canada. Certain other questions requiring joint consideration between the Services and the Department of External Affairs, such as Canadian participation in the control of the defeated countries, were also considered.

The need for such a body still exists although a reorganization is required in order that it should conform with the new arrangements made by the Cabinet for the consideration of defence problems under the special Cabinet Committee

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[13]G. Ignatieff.

[14]H. Wrong et A. D. P. Heeney./H. Wrong and A. D. P. Heeney.

[15]L'approbation avait d'abord été donnée à la réunion du 24 novembre 1943. Voir le volume 9, document 531. La composition du Comité consultatif sur les problèmes de l'après-guerre avait été décidé lors de la réunion du Comité de guerre du Cabinet le 16 décembre 1943.
The initial approval had been given at the meeting of November 24, 1943. See Volume 9, Document 531. The composition of the Advisory Committee on Post-Hostilities Problems was agreed upon at a meeting of the Cabinet War Committee on December 16, 1943.

on defence questions. Certain questions requiring joint study by inter-Service and civil officials prior to making recommendations to the Cabinet include the following:

the implications of the release of atomic energy;
the post-war defence arrangements in Newfoundland;
Canadian military commitments under the United Nations Organization;
functions of the Canadian Military Mission in Germany;
post-war Intelligence activities.

It is recommended that the Advisory Committee be reconstituted on a panel basis as follows and serve as the official Advisory Committee to the Cabinet Committee on defence questions:

*Composition*

Chairman, the Under Secretary of State for External Affairs, or
the Associate Under-Secretary of State for External Affairs
Clerk of the Privy Council
Chief of the Naval Staff
Chief of the General Staff
Chief of the Air Staff
The President, National Research Council
The Deputy Minister of Reconstruction

In attendance;

Secretary from the Department of External Affairs
Secretary, Chiefs of Staff Committee.

**19.** DEA/7-ADs

*Le secrétaire adjoint du Cabinet*
*au premier secrétaire, ministère des Affaires extérieures*

*Assistant Secretary to the Cabinet*
*to First Secretary, Department of External Affairs*

[Ottawa,] August 20, 1946

Dear Mr. Macdonnell:

I wish to refer to your memorandum of August 19th,[1] enclosing a copy of a letter from the Deputy Minister, Department of National Defence for Air, dated August 9,[1] asking for clarification regarding the status and functions of the Post Hostilities Advisory Committee and its associated subcommittees.

The general position of the cabinet defence organization and related committees was considered at a meeting of the Cabinet Defence Committee on November 12, 1945, at which it was decided that until such time as permanent arrangements were made, problems having both civil and military aspects be referred to the Chiefs of Staff Committee, meetings of which would be attended by the appropriate senior civil officials when questions of this joint character were under consideration.

I would suggest, therefore, that until such time as the Post Hostilities Committees have been formally abolished, they should be deemed to exist, but

that any questions which would previously have been referred to such committees should be referred to the Chiefs of Staff Committee.

This arrangement appears to be working smoothly and it is customary for Mr. Robertson or Mr. Wrong and Mr. Heeney to join the Chiefs of Staff at their meetings as required.

Yours sincerely,

J. R. BALDWIN

## CHAPITRE II/CHAPTER II

# FINANCES, COMMERCE ET MARINE MARCHANDE
# FINANCE, TRADE AND MERCHANT SHIPPING

### PARTIE I/PART I
### FINANCES
### FINANCE

**20.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 466 London, February 24, 1944

SECRET. Following for Robertson from Canadian delegation economic policy talks.[1]

1. The papers distributed by the United Kingdom officials on the subjects of the talks consist of the agreed statements resulting from the United States-United Kingdom conversations of last October,[2] together with the covering report in each case. The papers on commercial, commodity, cartel and employment policies are the same as those received some time ago in Ottawa.[4] The papers on monetary policy include a "final text" on proposal for an international monetary fund as agreed upon between experts of the United States and United Kingdom Treasuries. This document is a revision of the Washington statement[3] in accordance with agreement reached on outstanding differences by subsequent correspondence. The United Kingdom has dropped the monetized unitas proposal and changed union to fund. The other outstanding points generally have been settled in favour of the United Kingdom. The amount of holdings of gold and gold convertible exchange for purposes of gold subscription is left to agreement between member and fund. The United Kingdom and United States are very near the final stage of agreement on the monetary proposals. Only a few matters of secondary

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[1]Voir le volume 9, documents 611 et 612. Les membres de la délégation canadienne étaient J. J. Deutsch, Frederic Hudd, W. A. Mackintosh et H. B. McKinnon.
See Volume 9, Documents 611 and 612. The members of the Canadian delegation were J. J. Deutsch, Frederic Hudd, W. A. Mackintosh and H. B. McKinnon.
[2]Ibid., documents 610 et 611./Ibid., Documents 610 and 611.
[3]Voir États-Unis,/See United States, *Foreign Relations of the United States*, 1943, Volume I. Washington, U.S. Government Printing Office, 1963, pp. 1084-1090.

importance remain outstanding about which correspondence is still taking place. A copy of the present document will go forward by bag immediately.[4]

2. We were surprised to find that the monetary proposals are to be one of the main subjects of the discussion. The discussions are to cover to [*sic*] whole field of Article 7.[4] The discussions on monetary, commercial and commodity policies will take place in separate Committees on these subjects. There will probably be a further Committee on full employment policy and the United Kingdom have indicated that they would like to have some discussion also of cartels and international investment. The work of the Committees is to be coordinated by a Steering Committee under the Chairmanship of Sir Richard Hopkins and consisting of the Heads of delegations. It is intended that the Committee meetings should not overlap and all of the Canadian group could attend all of the discussions. Under the present plan the talks are to continue for three weeks but it is possible that this may be shortened.

3. The first plenary meeting was held yesterday at which the Heads of delegations were asked to make a statement on the general attitude of their groups towards the proposals. The delegations were anxious to hear a report on the Canadian-United States talks[5] and Mackintosh and McKinnon gave a general summary. In addition they stressed the need for rapid progress on each of the proposals which are interdependent and constitute the desirable framework within which to achieve full employment. Full employment and expansion of trade should be achieved simultaneously and not successively. Melville of the Australian delegation stated that the proposals fall short in that they do not go far enough in the direction of agreed action on domestic measures for expansive domestic policies. In his view domestic expansive measures must take precedence over the reduction of trade barriers and substantial tariff reductions must await completion of the transition period and the achievement of full employment. Liberal trade policies by small countries can only come after there has been a demonstration by the large industrial powers that their employment obligations have been met. He suggested that the first task is to prepare a draft agreement for concerted domestic full employment measures. He challenged the view that the conditions for bold action were more favourable now than later. He gave a prepared statement and it appeared that he was acting under fairly close instructions. Fisher of the New Zealand delegation said nothing of consequence. Van Eck of South Africa said that his group were in agreement with the general lines of the proposals under discussion. The Indian High Commissioner said that India would be prepared to participate in international monetary and commercial policy agreements provided that she can join on a basis of complete equality, and provided that she may have a specified measure of freedom to pursue certain policies which are particularly important to her, e.g. industrialisation.

[4]Voir Grande-Bretagne,/See Great Britain, *Treaty Series*, 1943. No. 9.
[5]Voir le document 48./See Document 48.

4. We have shown the summary statement[5] of the Canadian-United States talks to Overton[6] and Liesching[7] but it has not yet been distributed generally. Liesching suggested that distribution to the other delegates should be delayed until after the first meeting of the Commercial Policy Committee so as to encourage them to make positive general statements of their own position. We have agreed with this procedure.

**21.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 498 London, February 29, 1944

SECRET. Following for Robertson from Canadian Delegation Economic Policy Talks, Begins:

1. You will have received by Dominions Office telegram[8] and by air bag latest version of United States-United Kingdom statement of principles on International Monetary Fund.' Committee's discussion of document has proceeded to 4 (3). Main discussion centred on sizes of quotas suggested by United States, namely, United States 3 billion: United Kingdom 1,300 million, Canada 300, Australia 150, India 300. New Zealand 54, South Africa 150, Russia 901, China 600, Brazil 100, France 500. United Kingdom is satisfied with 1,300. In response to the Australian objection that its proposed quota was altogether inadequate owing to high variability of exports, Keynes' proposed modification of United States suggestion to the effect that quotas between 200 and 300 be increased to 300 and those below 200 be doubled but not to exceed 300. Thus Australia, South Africa and Canada would have the same quota of 300. Also this operation would increase the total size of the Fund by about one billion. We stated that the direction of the change was desirable but entered a reservation to Keynes formula since a general increase in the quotas of a lot of countries would considerably increase the call on scarce currencies.

2. Australia made strong plea for raising the right of access to the Fund during the period of a year from twenty five per cent of the country quota to at least one third. We stated that we thought twenty five per cent adequate.

3. We have forwarded by air bag copy of extracts of letters from Keynes to White[9] covering:

(1) Extent of present commitments and future procedure.
(2) Proposals in regard to transitional period.

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[6]Sir Arnold Overton, secrétaire permanent, Board of Trade de Grande-Bretagne.
Arnold Overton, Permanent Secretary, Board of Trade of Great Britain.
[7]Sir Percivale Liesching, deuxième secrétaire, Board of Trade de Grande-Bretagne.
Sir Percivale Liesching, Second Secretary, Board of Trade of Great Britain.
[8]Non trouvé./Not located.

It would be helpful if you could give us your comments on the future procedure suggested by the United Kingdom and United States Treasuries. Ends.

**22.** DEA/7-Js

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 400 [Ottawa, March 3, 1944]

Your No. 498. Secret. Following from Robertson[9] for Canadian Delegation Economic Policy Talks, Begins:

1. We have no particular comments on future procedure suggested by the United Kingdom and United States Treasuries. It would be helpful if you could ascertain United Kingdom ideas regarding time table for drafting committee and conference.

2. The United Kingdom proposals for the transitional period are the inevitable result of the restricted size of the fund. We would have preferred a fund large enough to obviate the necessity of special arrangements for the transitional period and would not have attached too much importance to a country remaining in debt for sizeable amounts over a considerable period of years. The special arrangements for the transitional period carry with them the risk of trade deals of the type which the fund proposals seek to avoid. In view of the apparent impossibility of increasing the size of the fund, however, this risk will have to be accepted. We have considered the possibility of incorporating safeguards which would prevent undue advantage being taken of paragraph 11 of the new statement but have been able to think of none better than those already incorporated there. Everything will depend on how the policies permitted under that paragraph are carried out. Could you ascertain in private conversation with the British how they do in fact expect to operate? There appears to be a hint that they might try to negotiate a separate currency-holding arrangement with the United States.

3. There is one general point regarding the transitional proposals about which we are puzzled. Would the United Kingdom contemplate that the fund should be set up at once and that they should become a member and have access to credit without, however, assuming the obligations of 2(ii), 4(v) and 10(iii)? Have they considered how this would affect the attitude of Congress? The main advantages to the United States are those incorporated in 2(i) and 2(ii) but only the former becomes immediately operative. If they have in mind a direct stabilization credit from the United States or other similar arrangements to deal with the transitional period, many people in the United States will

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[9]Le texte fut preparé par le Commission de contrôle du change étranger.
The text was prepared by the Foreign Exchange Control Board.

probably take the line that they should proceed with the special arrangements for the transitional period but wait a few years to see whether an international fund is necessary and if so, what type.

4. We can merely raise these questions without suggesting a solution because with a fund of the size proposed some special arrangements for the transitional period are clearly necessary for the United Kingdom.

5. We have noted with approval the reservation you have entered regarding Keynes' formula for increasing the smaller quotas and we assume that on this point no one will be committed until there are wider discussions among all countries. Ends.

**23.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 539 London, March 4, 1944

SECRET. Following for Robertson from Canadian Delegation, Economic Policy talks, Begins:

1. Regarding monetary discussions, we shall raise points requested in your telegram No. 400 at the appropriate time and report the answers. No discussion of transitional arrangements has taken place but Keynes indicated that what they had in mind was freedom to act as circumstances might require rather than provision for plans already thought out.

2. Discussion of statement of principles has proceeded to end of section 4 and no significant differences of opinion have arisen. Keynes stressed, and showed obvious satisfaction with the degree of independence of the Fund under paragraph 4(iv). A new text of paragraph 4(viii) as revised by correspondence with Washington has been circulated and is contained in the next following paragraph. United Kingdom is satisfied with the substance but wishes to improve the wording.

"So long as a member's holdings of gold and gold convertible exchange exceed its quota the Fund, in selling foreign exchange to that country, shall require that one half the net sales of such exchange during the Fund's financial year shall be paid for with gold. Furthermore, if at the end of the year a member's holdings of gold and gold convertible exchange have increased, the Fund may require up to half of the increase to be used to repurchase part of the Fund's holdings of its currency, so long as this does not reduce the Fund's holdings of a member's currency below 75% of its quota, or the member's holdings of gold and gold convertible exchange below its quota."

**24.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 627 London, March 16, 1944

SECRET. Following for Robertson from Canadian Delegation Economic Policy Talks, Begins:

1. In discussion of transition period arrangements with reference to Monetary Fund United Kingdom stated their position as follows. They propose that certain features of plan come into operation upon signature but not earlier than end of Japanese hostilities. Plan would come into immediate effect with respect to partial payment of subscriptions, provisions regarding exchange rates and establishment of organization. Under Clause 11 any member may defer obligations respecting maintenance of multilateral payments and convertibility of its currency. During a period of three years such members are completely free to make whatever arrangements they wish concerning their international payments but they would undertake to "pay continuous regard to the principles and objectives of the Fund." At end of three years members wishing to retain restrictions must consult with Fund but are not required to abolish these except when they are satisfied in their own judgment that their balance of payments position enables them to do so. United Kingdom attach considerable importance to freedom of individual members' judgment in this matter. For transition period arrangements United Kingdom have made clear to United States Treasury that they may wish to use payments agreements and open-end currency holding agreements with provision for periodic consultation respecting disposition of balances. With regard to use of credit facilities of Fund, United Kingdom lay much emphasis upon provision in Clause 11 stating that Fund not intended to provide facilities for relief and reconstruction or settlement of blocked balances. United Kingdom have made it clear to India that latter problems must be settled outside the Fund. United Kingdom envisage three alternative possibilities respecting utilization of quotas during transition period (a) no credit until assumption of multilateral obligations, (b) no credit for any member receiving relief or reconstruction loans, (c) extension of credit under quotas with adequate safeguards against use for relief and reconstruction. They are not prepared to state which alternative they prefer until they have clearer idea of magnitude of reconstruction problem and nature and extent of assistance which United Kingdom and other countries might obtain during transition period. United Kingdom fully aware of implications of this problem with reference to attitude of Congress.

2. Clause by clause discussion of monetary plan has been completed. Australia in commenting upon whole plan expressed fear that its adoption would weaken Sterling Area and stated preference for continuation of sterling currency bloc. Instead of international plan they suggested key currency

approach based upon United States-United Kingdom credit arrangement. Keynes and Edie [Eady][10] made a powerful statement in favour of multilateral approach which we strongly supported.

3. In discussion of transitional arrangements regarding provisions of commercial convention, United Kingdom proposed that this period should have two phases, (a) first phase lasting two years during which only minor obligations would be undertaken and signatories would be free to impose quantitative restrictions, (b) second phase when tariff cut goes into effect and signatories begin progressive abolition of quantitative restrictions. Commercial convention proposals contain provision for permanent let-out on use of quantitative restrictions on balance of payments grounds which is not envisaged in monetary plan. It is clearly desirable that the transitional and let-out provisions in the two sets of proposals should be synchronized. We are suggesting that the provisions and commitments in both schemes in this respect should be as definite as they can be made and that the right to use quantitative restrictions or to depart from multilateral practices should be based as far as possible upon objective criteria. We are urging that the full tariff cut should go into effect as soon as possible after the close of Japanese hostilities.

4. The discussions of cartels, Investment Bank and draft Employment Agreement have been completed. In each case United Kingdom have asked us whether we would prefer that they present agreed statements to the United States or present their own views reached after discussion with Commonwealth countries. We told them that the latter course should be followed. The final statement arising out of the discussion of the commercial convention proposals[11] will be in the form of a summary of views expressed rather than an agreed document. It is possible that the discussions as a whole will be completed about the middle of next week.[12] Ends.

**25.** DEA/6000-D-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-1631 Ottawa, April 18, 1944

IMMEDIATE. URGENT. Following for A. F. W. Plumptre from W. C. Clark, Begins: Your WA-2333, April 17th.[†] Proposed publication of Joint Statement on establishment of an International Monetary Fund.

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[10]Sir Wilfred Eady, deuxième secrétaire adjoint, Trésor de Grande-Bretagne.
Sir Wilfred Eady, Joint Second Secretary, Treasury of Great Britain.

[11]Voir les documents 42-47./See Documents 42-47.

[12]Ces questions avaient fait l'objet d'autres discussions au sein du Commonwealth, à l'occasion de la rencontre des Premiers ministres en mai. Voir les documents 49-51 et 765.
There was further Commonwealth discussion of these questions at the Prime Ministers' Meeting in May. See Documents 49-51 and 765.

1. We are not clear whether White intends to extend a formal invitation to Canada to participate in simultaneous publication of Monetary Fund statement. The question as to whether this matter should be cleared with the United Kingdom depends upon whatever understanding exists between White and the British concerning procedure. We feel that it is not up to us to clear with British but a matter between White and the British in accordance with any understanding which they may have. As far as we are concerned we are prepared to proceed on the basis of a direct formal invitation from the U.S. Treasury and to seek approval for Canadian participation from Cabinet War Committee tomorrow. If a formal invitation is received and Cabinet War Committe approves Canadian publication we would, as a matter of courtesy, simply inform the British that we have received the invitation and have agreed to participate. Please ascertain from White whether he intends to extend a formal invitation.

2. We have one drafting point in the Joint Statement of Principles which we would like to have clarified. In IV.5. it is stated that "an agreed uniform change may be made in the gold value of member currencies, provided every member country having 10 per cent or more of the aggregate quotas approve." We would interpret this to mean not simply the approval of every member country having 10 per cent or more of the aggregate quotas but both agreement by the majority of votes and the approval of every member country having 10 per cent or more of the aggregate quotas. This is a matter of considerable importance to us and we would urge that, if at all possible, this clause be rephrased, prior to publication, to state this meaning explicitly so that there can be no misunderstanding.

3. With reference to the proposal to publish simultaneously the plan for a Reconstruction Bank we are puzzled at the implied suggestion that the British are willing to be associated with this plan in the manner suggested. For your private information which is not to be transmitted to White, the British, at the recent London discussions, made it clear that they consider White's plan to be wholly unsatisfactory and that they consider it important that wider international discussions should not proceed on the basis of the plan in its present form.[13] We share the British view and could not give it our blessing through agreeing to participate in joint publication. It would be helpful if you could ascertain from White whether the British have actually agreed to sponsor publication of the plan, and if so, in what manner.

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[13]Voir/See États-Unis, *Foreign Relations of the United States*, 1944, Volume II. Washington, Government Printing Office, 1967, pp. 115-118.

**26.** DF/Vol. 3391

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-2387 Washington, April 19, 1944

IMMEDIATE. Following for Dr. W. C. Clark, Deputy Minister of Finance, from Plumptre, Begins:

This will acknowledge your EX-1631 and confirm our telephone conversations this morning regarding it.

2. I have indicated to White that before publishing the statement on an International Monetary Fund, we would like to have a formal invitation and that such an invitation would be welcome from the United States side if he felt free to issue it. He replied that he had a general understanding with the United Kingdom that they would maintain contacts with the Dominions on matters affecting the Fund. He understood from Opie,[14] who had called on him yesterday evening, that the British were in fact communicating with all the Dominions to secure publication of the joint statement at the end of this week as widely as possible. (This fits in with the statement which Opie made to me earlier today). He had told the British, probably on an earlier occasion, that he regarded it as very important that Canada should publish the joint statement.

3. Accordingly, he officially handed me a draft of the joint statement on the Fund. In doing so, he said that if the British were not inviting us to publish, he was doing so. He said that he would tell Opie this when seeing him later today.

4. In regard to the text of the joint statement which he handed to me, there are the following amendments to introduce into the draft which I sent you on April 17.[1] These are as follows:

(a) The title now reads "Joint Statement by Experts on the Establishment of an International Monetary Fund."

(b) The next to last sentence of the preamble will be reworded to read as follows: "The principles set forth below are designed to constitute the basis for this Fund." You will notice that this sentence differs from the one which Opie gave me which I transmitted to you earlier today in WA-2374[1] in that it uses the word "constitute" instead of the word "B"[be?].

(c) The draft does not contain the other two changes mentioned by Opie and also transmitted in my WA-2374. In other words, it appears that there will be these two differences in the texts published in Washington and London.

(d) I understand from Opie that the text is going to print in London this afternoon and therefore no further revisions can be made. This applies particularly to the suggestion made in the second paragraph of your EX-1631

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[14]Redvers Opie, conseiller, Ambassade de Grande-Bretagne aux États-Unis.
Redvers Opie, Counsellor, Embassy of Great Britain in United States.

to the effect that a sentence in Part IV, Section 5, should be amended. Further, it was Opie's belief that the text, read as a whole, would cover your point because of the express stipulation regarding majority votes. In any case, he gave complete[15] interpretation we desire. (I omitted to check this point with White but will do so at a convenient opportunity).

5. In regard to the time of announcement and publication, my earlier teletype (WA-2374) is misleading. It is the announcement of the plan, and not publication, which is to take place at 5 p.m. in the United States and 11 a.m. in the United Kingdom. As for publication, the plan is to be released in the United States at 8 p.m. on Friday April 21. It is the intention that it shall be carried in the Saturday morning papers.

6. In regard to the proposal for an International Bank, I have the following information:

(a) Opie has transmitted to London White's new document which I transmitted to you on April 17th. As a result of a telephone conversation with London, he expects instructions to reply along the lines indicated in annex E of the official document put out by the United Kingdom covering recent Commonwealth discussions of monetary and commercial policy (United Kingdom Document ASD (44) 16).[†] He says that the United Kingdom is definitely anxious to go as far as possible along with the United States Treasury in this matter. (He himself would be inclined to accept the new United States document, but does not think London will go this far). Accordingly, there is still a possibility, although rather a remote one, that a compromise document will be produced and published on Friday.

(b) I have told White that we are unlikely to publish and associate ourselves with the document which he handed us in view of the relatively little thought which we have given to the matter and the shortness of the time available for consideration. However, I said that the matter was not yet settled. (Opie has promised to keep me informed of developments on the British side.)

(c) White said that he was uncertain whether or not the United States would proceed to publish his new document unilaterally if no other country would do so.

(d) In any case, White definitely and formally extended an invitation to Canadian official experts to come to Washington about the middle of next week to discuss with the United States Treasury the proposal for an International Bank.[16] Please let me know as soon as possible whether Canadian officials will be coming down and if so who and when.

7. Since dictating the above, I have had a telephone call from White who has now seen Opie again. He has told Opie that he is inviting Canada to publish

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[15]Un télégramme non numéroté en date du 20 avril indiquait que les mots suivants devaient être ajoutés ici:
An unnumbered telegram dated April 20 indicated that the following words were to be added here:
assurance that the U.S. & U.K. intended the

[16]Cette réunion, remise plus tard à la mi-juillet, n'a pas eu lieu.
This meeting, later postponed to mid-July, did not take place.

the plan for a stabilization fund and Opie has since telephoned him to say that a message has been received from London requesting the United States Treasury to provide Canada with the text of the plan and to facilitate its publication. White also made three further points:

(a) The announcement in the United Kingdom on Friday will simply be to the effect that agreement has been reached and a document will be published on Saturday. (By mistake I have implied above that 11 a.m. in London was the same as 5 p.m. on the same day in Washington which is obviously not the case).

(b) The United States Treasury advises us to follow the British in regard to the points mentioned in paragraph 4 (c) above. The United States will follow the British if they don't hear from Moscow in the meanwhile. Some doubt still surrounds Russian publication.

(c) In regard to Paragraph 4 (d) above, the United States understanding is the same as the British but like the British they say that no further textual alterations can be made now.[17] Ends.

**27.** DEA/6000-F-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

DESPATCH 148 Ottawa, May 26, 1944

Sir:

The publication of the joint statement of technical experts recommending the establishment of an international monetary fund and setting forth the principles for such a fund has been deeply gratifying to the United States Government as marking an important step toward postwar international economic cooperation. Undoubtedly the Government and people of Canada have been equally pleased by this evidence of the common desire of the United Nations and the nations associated with them in the war for meeting the economic problems of the postwar world.

The President of the United States of America now proposes, as a further step toward the realization of this objective, to call a conference of the United Nations and the nations associated with them, for the purpose of formulating definite proposals for an international monetary fund and a bank for reconstruction and development. It would be understood of course that the delegates would not be required to hold plenipotentiary powers and that the

[17]Un communiqué de presse contenant la déclaration fut émis à Ottawa le 21 avril 1944. Le texte publié par le gouvernement britannique est reproduit dans J. Keith Horsefield, ed., *The International Monetary Fund 1945-1965*, Volume III. Washington, FMI, 1969, pp. 128-135.
A press release containing the statement was issued in Ottawa on April 21, 1944. The text as published by the Government of Great Britain is reproduced in J. Keith Horsefield, ed., *The International Monetary Fund 1945-1965*, Volume III. Washington, IMF, 1969, pp. 128-135.

proposals formulated at the conference would be referred to the respective governments and authorities for their acceptance or rejection.

I have the honor therefore, on behalf of the President, cordially to invite the Canadian Government to send one or more delegates to participate in a formal monetary and financial conference of United Nations and the nations associated with them to be held in the United States beginning July 1, 1944. I am pleased to inform you that the delegation of the United States to the conference will be headed by the Secretary of the Treasury. The names of the other delegates of my Government, as well as information regarding the seat of the conference and arrangements for the meeting will be communicated to you at a later date.

Because of my Government's belief that the formulation of definite proposals for an international monetary fund and a bank for reconstruction and development in the near future is a matter of vital concern to all of the United Nations and the nations associated with them, my Government sincerely hopes to receive the favorable reply of your Government at the earliest possible moment, together with the names of all members of the Canadian delegation.

Accept etc.

RAY ATHERTON

**28.** DEA/6000-F-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 84 London, June 4, 1944

IMMEDIATE. SECRET. My telegram Circular D. 822,[1] International Monetary Fund.

1. We have heard from our Embassy at Washington that United States Treasury are taking the line that Committee to prepare agenda for Conference should begin work June 15th, notwithstanding that our experts and those of European Allies and China cannot reach Bretton Woods before June 15th, with whatever representatives of countries chosen are then available and should make whatever progress may be possible, even if it would be necessary to reopen every issue and begin afresh when United Kingdom and other experts from London arrive. In this connection they have suggested:

(1) That United Kingdom Treasury representatives in Washington might attend Committee on our behalf pending arrival of United Kingdom delegation.

(2) That United Kingdom and Allied experts travelling from London might do corresponding preparatory work en route, with result that there would, in effect, be two drafting bodies which could be merged into one on arrival of our experts at Bretton Woods.

2. We are greatly disturbed at this suggested program which seems to us to be most ill-considered and to open up alarming possibilities of confusion and friction. Causes for delay over arrival of our experts at Bretton Woods are imposed on us by highest military authority, and this applies to the European delegations who include men of exceptional practical experience which will be invaluable to work of Committee. Leader of Chinese delegation will similarly be travelling from London. It seems to us idle to pretend that a Drafting Committee, whose work is to command any respect at the Conference, can meet without representatives from the countries which, next to the United States, have most at stake in these two international financial projects. Moreover, it will clearly put these delegations in a very difficult position if, on arrival at Bretton Woods, they have either to ask Drafting Committee to begin again or to be content to go on from point which the Committee may then have reached. Telescoping of work in this way, with less than a week before opening of Conference, would be very unsatisfactory and delegations so treated would be bound to feel slighted at this apparent indifference to this value, a position which would not make things any easier at the full Conference. Suggestion that appropriate representatives in Washington might attend Committee pending arrival of experts from London would be impracticable for us since they could not be adequately briefed in time, and still more so for Allied Governments in view of present restrictions on cypher communications.

3. Urgent telegram is accordingly being sent to His Majesty's Ambassador expressing our concern at the procedure proposed by the United States Treasury, pointing out above consideration and asking him to take up the matter personally with Mr. Morgenthau. We feel strongly that only sensible solution is that Drafting Committee should not begin work until experts travelling from London have arrived at Bretton Woods, and further that in order to allow reasonable time for work of Committee, meeting of full Conference should be postponed until say July 7th. Lord Halifax is being asked to urge this on the United States authorities, at the same time assuring them that on their arrival our delegation will do all they can to assist in bringing the business forward as rapidly as possible.

4. If, as we hope, your Government will agree with our view, we should greatly welcome their support in the representations which Lord Halifax has been asked to make. It would be much appreciated if, for this purpose, your Ambassador in Washington could be asked to concert action with Lord Halifax, and in particular to support him in deprecating proposal to call the Drafting Committee together in the absence of experts from the United Kingdom, the European countries and China.

5. A telegram in similar terms is being sent to the Australian Government.

**29.** DEA/6000-F-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 53 Ottawa, June 5, 1944

Excellency,—

I have the honour to refer to your note No. 148 of May 26th in which you transmit on behalf of the President of the United States an invitation to the Government of Canada to send one or more delegates to participate in a formal monetary and financial conference of United Nations and the nations associated with them to be held in the United States beginning July 1, 1944. I shall be glad if you will be good enough to inform your Government that the Government of Canada will be pleased to send delegates to participate in this conference. It is noted that the delegates would not be required to hold plenipotentiary powers and that the proposals formulated at the conference would be referred to the respective governments and authorities for their acceptance or rejection.

It is hoped that the Canadian delegation will be headed by the Honourable J. L. Ilsley, Minister of Finance. However, it may not be possible for Mr. Ilsley to be present throughout the period of the conference owing to the pressure of work in Parliament which is now in session. I shall advise you of the names of the remainder of the Canadian delegation in the very near future.

Accept etc.

W. L. MACKENZIE KING

**30.** DEA/6000-F-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 100 [Ottawa,] June 6, 1944

SECRET. Reference your No. 84, June 4th International Monetary Fund.

Canadian Government have accepted invitation to participate in Bretton Woods conference and have advised United States Government that it is hoped that Canadian delegation will be headed by the Minister of Finance who, it is expected, would be present at the conference for at least a part of the time. Remainder of the Canadian delegation will be determined in the next few days.

For reasons given in the Telegram under reference we agree that it would be advisable to postpone the drafting committee until the United Kingdom and other European experts have arrived. In the absence of the Ambassador, the Minister-Counsellor of the Canadian Embassy in Washington has been asked

to get in touch with Lord Halifax and to concert with him in the endeavour to secure postponement.

**31.** DEA/6000-F-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3494 Washington, June 7, 1944

CONFIDENTIAL. Following for Robertson from Pearson, Begins: Reference your EX-2355, June 5th,[1] International Monetary Fund Conference:

Yesterday afternoon Lord Halifax, accompanied by Mr. R. H. Brand (who will be one of the United Kingdom delegates to the Conference) discussed with Mr. Morgenthau and Mr. Harry White questions raised in D.O. telegram No. 84.[18] Mr. Brand called upon me this noon and said that newly proposed arrangements by Treasury Department are that United Kingdom Treasury representatives in Washington would meet with United States Treasury representatives at Atlantic City on June 19th for preliminary discussions on agenda.

Treasury Department intend to invite to the Atlantic City meeting experts from Canada, Russia, China, Brazil, Mexico, Czechoslovakia, possibly Cuba, and the Philippines. Groups participating Atlantic City meeting would be known as Agenda Committee and not Drafting Committee as previously suggested. Treasury Department consider that such preliminary discussions would be helpful pending arrival of United Kingdom and Allied experts from London about June 24th.

Following arrival of these experts, Agenda Committee would continue discussions in Atlantic City, until formal opening of Conference at Bretton Woods — July 1st. Mr. Brand understands that Treasury Department in addition to sending out invitations for meeting, June 19th, to above mentioned countries including Canada, will also issue a brief press statement explaining that the discussions at Atlantic City will be similar to those that have taken place between United Kingdom and Allied experts in London.

Lord Halifax is reporting latest developments to London. Meantime, support suggested in D.O. telegram No. 84 unnecessary at this stage.

Mr. Angus was with me when Mr. Brand called this morning and will be able to inform you of certain other details mentioned by Mr. Brand.

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[18]Document 28.

**32.** DEA/6000-F-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-2564 Ottawa, June 19, 1944

Reference your message WA-3505 of June 8th,[1] Monetary and Financial Conference. Canadian delegation will consist of the Hon. J. L. Ilsley, K.C., M.P., Minister of Finance; the Hon. L. S. St. Laurent, K.C., M.P., Minister of Justice; Mr. D. C. Abbot, K.C., M.P.; Parliamentary Assistant to the Minister of Finance; Mr. Lionel Chevrier, K.C., M.P., Parliamentary Assistant to the Minister of Munitions and Supply; Mr. J. A. Blanchette, M.P.; Mr. W. A. Tucker, K.C., M.P.; Mr. W. C. Clark, Deputy Minister of Finance; Mr. G. F. Towers, Governor of the Bank of Canada; Mr. W. A. Mackintosh, Special Assistant to the Deputy Minister of Finance; Mr. L. Rasminsky, Chairman (Alternate), Foreign Exchange Control Board; Mr. A. F. W. Plumptre, Financial Attaché, Canadian Embassy Washington; Mr. J. J. Deutsch, Special Assistant to the Under-Secretary of State for External Affairs, Secretary of the Delegation, Mr. P. T. Tremblay, Third Secretary Canadian Embassy, Washington.

For your information, I may say that Mr. Ilsley will be present for the first meetings of the Conference and Mr. St. Laurent for the closing sessions. Similarly, Mr. Abbott and Mr. Blanchette will be present for the first half of the meetings and Mr. Chevrier and Mr. Tucker for the second half. Mr. Clark and Mr. Towers will both try to be there for the opening sessions, but do not expect to be able to remain for the duration of the meetings. Please do your best to get single rooms for the members of the Delegation and reserve one office for the stenographers (of whom we shall be bringing two, Mrs. Unger from the Department and Miss Eynon from the Embassy), and one meeting room for the delegates.

**33.** DEA/6000-F-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3842 Washington, June 26, 1944

Following for Robertson from the Canadian Delegation at Atlantic City, Begins:

With the arrrival tonight (June 23rd) of the United Kingdom delegates and others from overseas, the Conference at Atlantic City takes on a new and more formal character. It is therefore appropriate to report on developments so far.

2. Representatives of the following countries have been present: U.S.A., U.S.S.R., China, France, Netherlands, Czechoslovakia, Brazil, Cuba, Mexico, Canada and Australia. Mr. Opie of the U.K., appointed as an observer, has acted as Chairman of a committee but has not taken a leading part at plenary meetings. Sir Theodore Gregory, representing India, arrived yesterday.

3. So far the Conference has devoted itself exclusively to the Fund; there has been no consideration either of the Bank or of an agenda for Bretton Woods. The Conference has had plenary sessions each afternoon at which reports have been heard from the four Committees. These have been as follows;

I. Purposes, policies and subscriptions, (Chairman, China; Reporter, Brazil; attended by Plumptre);

II. Operations of the fund, (Chairman, France; Reporter, Rasminsky);

III. Organization and establishment, (Chairman, U.S.S.R.; Reporter, Mexico);

IV. Establishment of the Fund — including the transitional period, (Chairman, U.K.; Reporter, Czechoslovakia; attended by Deutsch, who twice took the chair in Opie's absence.)

4. Most of the discussions in the Committees have centred on typewritten documents produced by the U.S. Secretariat. Some of these documents have merely paraphrased sections of the Joint Statement of April 21st, 1944; others have involved amendments of that Statement; others have paraphrased sections of earlier plans put forward by U.S.A.; and still others have put forward entirely new material. We anticipate that the British may feel put out by this procedure, particularly by the circulation in their absence of new material and amendments of the Joint Statement. (See paragraph 6 below).

5. However, the Conference has run smoothly so far. No crises have developed. There has been a satisfactory interchange and clarification of ideas. It may be worth mentioning that the delegates of the U.S.S.R. seem anxious to obtain the maximum concessions and special advantages based, sometimes irrelevantly, on the wartime damage to their country. The Chinese, however, have adopted a broader attitude and have on more than one occasion dissented from Russian proposals.

6. Amongst the points of special interest that have come under discussions are the following:

(a) The State Department has finally realized the full implications of the scarce currency provision, Article VI of the Joint Statement, which provides that in "rationing the limited supply amongst its nationals, the member country shall have complete jurisdiction." State Department is very apprehensive as to the possible consequences of this "complete jurisdiction" upon their policy regarding most favoured nation treatment and the treaties containing this clause to which they have attached such great importance. Consequently the U.S. group has proposed the addition of a new paragraph 4 to Article IX as follows: "Not to prejudice through the use of exchange restrictions which are authorized under the Agreement or requested by the Fund, any existing or future international commitments regarding the non-discriminatory application

of exchange restrictions or undertakings for the progressive relaxation of barriers to trade." In any case there is the legal question whether the provisions of the Joint Statement would, if adopted, in fact supersede prior commitments entered into in commercial agreements. The above U.S. proposal was made for greater certainty even though this question has not been answered.

(b) With respect to the transitional period the U.S. group now propose (as a partial amendment of X, 3) that "not later than three years after the date on which the operations of the Fund commence any member country still retaining restrictions, arrangements or practices inconsistent with Article III, Section 5, or Article IX, Section 3, shall consult with the Fund as to their further retention and shall retain them only with the approval of the Fund." Thus countries taking advantage of the transitional period arrangements would lose the right of independent decision at the end of three years, which is an important change from the provisions of the Joint Statement. Ends.

**34.** DEA/6000-F-40

*L'adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Special Wartime Assistant to Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

Bretton Woods, New Hampshire, July 5, 1944

Dear Mr. Robertson, —

I enclose herewith the following:

(a) Copy of Record of Instructions given to Canadian Delegation, Bretton Woods, a meeting with Mr. Ilsley, July 1st.

(b) Copy of assignments of Canadian Delegation on Commissions and Committees of the Conference.

(c) Copy of the General Agenda of the Conference.[19]

Yours sincerely,

JOHN J. DEUTSCH

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[19]Voir États-Unis/See United States, Department of State Publication 2866, International Organisation and Conference Series I,3, *Proceedings and Documents of the United Nations Monetary and Financial Conference*, Bretton Woods, New Hampshire, July 1-22, 1944, Volume I. Washington, U.S. Government Printing Office, 1948, pp. 5-7.

[PIÈCE JOINTE 1/ENCLOSURE 1]

RÉSUMÉ DES INSTRUCTIONS

RECORD OF INSTRUCTIONS

SECRET

*Record of Instructions given to Canadian Delegation, Bretton Woods, July 1, 1944*

Present:
Mr. Ilsley
Mr. Abbott
Mr. Blanchette
Mr. Clark
Mr. Towers
Mr. Mackintosh
Mr. Deutsch
Mr. Plumptre
Mr. Rasminsky

1. *Acting Head of Delegation.* Mr. Ilsley informed the meeting that in his absence Mr. Mackintosh was to act as head of the Canadian Delegation.

2. *Quotas.*

(a) The Canadian Delegation is to oppose any flagrant manipulation of quotas for political reasons, such as the increase which the United States is proposing in the Chinese quota from approximately $300,000,000 as determined by their formula, to $600,000,000.

(b) The Canadian Delegation is not to support any upward adjustment of quotas on the basis of special pleading, such as that of Australia, who is insisting on a substantial upward revision of their quota of $150,000,000. If it becomes necessary to take a position against Australian representations in this direction, it is to be based on the following grounds:

(i) The Australian difficulties arise primarily out of the fact that their present sterling balances are not freely available to meet current deficits which they may face in their balance of payments after the war and not even necessarily to meet such portion of those deficits which may arise in their dealings with the sterling area; the Fund, however, is explicitly not intended to meet the problem of blocked balances.

(ii) The current account of deficits which Australia anticipates will arise, if at all, largely out of unusually heavy imports for reconstruction purposes; and here again, the Fund is not designed to provide facilities for such purposes.

(c) In general, the Canadian Delegation is to use its influence to prevent an undignified scramble for quotas from occuring at formal meetings of the Conference.

(d) The proposed Canadian quota of $300,000,000 is to be regarded as generally satisfactory for Canada. If, however, the total size of the Fund is

increased, a new situation will have been created, and this decision is to be reviewed.

(e) The relative sizes of the Chinese and Indian quotas are to be regarded by the Canadian Delegation as primarily the concern of those two countries, on the one hand, and the United States and United Kingdom, on the other, and the Canadian Delegation is not to attempt to exercise any influence in this matter. If, however, a decision satisfactory to the countries mentioned is reached which involves a scaling down of the Chinese quota and a scaling up of the Indian quota, the Canadian group is not to oppose, even though this results in India having a quota larger than that of Canada.

(f) The Canadian Delegation is to give its support to a proposal to give the United States its natural voting power based on its quota, notwithstanding their previous commitment to the United Kingdom regarding the limitation of their voting strength to 25 percent of the total. We do not recognize the contention that the voting strength of the British Commonwealth can properly be regarded as a unit which must not exceed that of the United States; the above decision, however, will render unnecessary any such comparison of voting strengths.

3. *Exchange Rates.*

Consideration was given to the suggested redraft of Article IV of the joint statement regarding exchange rates by the U.K. Delegation, dated June 28, 1944, and the following instructions were given:

(a) Mr. Towers is to see Mr. White informally and try to ascertain what the American reaction to the U.K. suggestions is. If it appears favourable, he is to express to White our preference for a form of words closer to the original and which contains a definite undertaking on the part of member countries not to vary their exchange rates without the approval of the Fund except under defined conditions.

(b) If the British draft, notwithstanding the above representations, remains acceptable to the United States, we are to suggest a revision in paragraph 3 of that draft to make suspension from the privileges of the Fund automatic if a country changes its exchange rate in spite of the opposition of the Fund. The Fund should, of course, retain the right to expel a member which persists in maintaining an exchange rate of which the Fund disapproves. This change will remove from the Fund the onus of positive action with respect to suspension of privileges which it might find embarrassing, and will put countries which act against the Fund's wishes in a position where undesirable consequences flow automatically from such action.

(c) The Canadian Delegation is to attempt to reconcile differences of view between the British and the American Delegations regarding the incorporation of a clause in the document under which countries commit themselves not to

change their exchange rates beyond specified amounts without the prior approval of the Fund, but if there is open disagreement between these two Delegations, the Canadian Delegation is to support the incorporation of such a clause.

4. *Management.*

(a) The Canadian Delegation is to oppose strongly the American principle under which the members of the Executive Committee are regarded as "Ambassador"- Delegates of the countries responsible for their election.

(b) As regards the number of countries having permanent seats on the Executive Committee, the Canadian Delegation is to oppose a system under which more than three countries have permanent seats unless this system provides enough permanent seats to include Canada.

(c) If there are more than three permanent seats, the Canadian group is to press for a permanent seat for Canada, basing its representations largely on our anticipated creditor position.

(d) The Canadian group is to oppose the American suggestion that members of the Executive Committee should be continuously available at the headquarters of the Fund.

5. *No Instructions.*

The following matters were raised at the meeting, but no instructions were given:

(a) Location of head office of the Fund.

(b) British proposal to lengthen "target" of the transitional period from three to five years.

(c) Relationship between scarce currency provisions of the plan and prior commitments regarding non-discrimination in commercial treaties.

(d) Proposals for an increase in the aggregate size of the Fund.

(e) United Nations Bank for Reconstruction and Development

[LOUIS RASMINSKY AND J. J. DEUTSCH]

[PIÈCE JOINTE 2/ENCLOSURE 2]

TÂCHES PROPOSÉES POUR LA DÉLEGATION CANADIENNE

PROPOSED ASSIGNMENTS OF CANADIAN DELEGATION

*Proposed Assignments — Canadian Delegation*

*Conference Steering Committee* — W. A. Mackintosh

*Commission I.*
Voting Delegate — W. A. Mackintosh
Reporter — L. Rasminsky

*Committee of Commission I.*

Committee A.
Voting delegate — W. A. Mackintosh
Other delegates — L. Rasminsky, A. F. W. Plumptre

Committee B.
Voting delegate — L. Rasminsky
Other delegates — W. A. Mackintosh, J. J. Deutsch

Committee C.
Voting delegate — J. J. Deutsch
Other delegates — J. A. Blanchette, D. C. Abbott

Committee D.
Voting delegate — D. C. Abbott
Alternate voting delegate — A. F. W. Plumptre
Delegate — J. A. Blanchette

*Commission II.*
Voting delegate — L. Rasminsky
Chairman's Agenda Committee — W. A. Mackintosh

*Commission III.*
Voting delegate — W. A. Mackintosh

**35.** DF/Vol. 3391

*Mémorandum du sous-ministre des Finances*
*Memorandum by Deputy Minister of Finance*

[Ottawa,] July 7, 1944

INTERNATIONAL MONETARY FUND

1. *Questions from Canadian Delegation.*

Mr. L. Rasminsky called me from the Bretton Woods Conference at 6 p.m. yesterday to ask for instructions to the Canadian Delegation, on the three following points:

(1) *The Exchange Rate Formula.*

The British Delegation had stiffened up a little bit the formula which they had prepared on the boat coming over to Atlantic City and which was, in effect, a blank cheque for a country to change its exchange rate without the approval of the Fund. Under the new revision, the onus of suspending a member country which had depreciated without approval of the Fund or of withdrawing from it the credit facilities of the Fund, would be on the Fund rather than on the defaulting member country. In other words, no automatic suspension was provided for.

Keynes told Rasminsky that he had received a cable from the Chancellor of the Exchequer expressing the desire to have a definite statement in the Agreement reached at Bretton Woods that a member country could change its exchange rate without the consent of the Fund. Keynes himself seemed to feel that the Canadian point of view was right and had done his best to change the view of his Government, but he said that it represented a political situation which would have to be accepted.

Bernstein had told Rasminsky that the United States was prepared to accept.

(2) *Executive Committee and Management of the Fund.*

Everybody at the Conference continued to gripe at the abnormally high quota which the United States were proposing for China, and U.S.S.R. was now asking for a quota as large as that of U.K., which would mean $1 billion 300 million rather that $800 million.

All proposals that had so far been put forward, suggested only five permanent members on the Executive Committee and there was such a unanimity of opinion on this point that Rasminsky felt it would be difficult for us to insist on only three permanent members and impossible to insist on seven permanent members. Apparently the U.K. has agreed with the complicated formula for election of the remaining members suggested by U.S. with the one amendment, namely, that each elected member would only cast the vote of his own country rather than the votes of all the countries which had elected him.

Mr. Rasminsky had a brain wave and was prepared to suggest that after the Fund had got started, the permanent members of the Executive Committee should at all times include delegates from the two countries which are in the largest creditor position vis-à-vis the Fund. In other words, you would start with five permanent members, being representatives of the five countries with the largest quotas. However, at the second election and later, if it were found that the above five did not include the two largest creditor countries, then any such creditor country not so included would automatically be elected until the next election.

Mr. Luxberg, Solicitor of the United States Delegation, had at first been cool to the proposal but later seemed to be converted. Prior to Mr. Rasminsky's call to me, Luxberg told him that he had mentioned it to Harry White who was enthusiastic about it.

(3)

The British were proposing a change in section I(3) of the Agreed Statement of Principles which would limit what we believed was the over-riding obligation of a member country to maintain convertibility of its currency, not an obligation conditional on the country having an unutilized quota in the Fund (in accordance with the technique suggested in section III(5)). The British proposed to insert a phrase in section IX(3) reading "save as otherwise provided," which was obviously a reference back to the qualification indicated in III(5). The effect is that the obligation to maintain convertibility would only apply as long as a country could buy foreign exchange from the Fund.

Keynes had practically refused to discuss the British proposal with Rasminsky. Without it, he said, the Fund would practically be a gold standard and U.K. would have to remain out. Rasminsky was therefore unable to point out to him that an undisciplined country could run through its quota and then say it was not bound to keep its currency convertible, even though it remained a member of the Fund.

Mr. Rasminsky therefore proposed that a phrase be inserted in section III(5) after the word "currency" in the third line, reading somewhat as follows: "or so long as it has independent monetary reserves in excess of its quota."

2.

As the Canadian delegates at Bretton Woods desired instructions on the above points, I called into conference Messrs. G. F. Towers, Norman Robertson and R. B. Bryce and I later discussed the points with Mr. Ilsley.

In regard to #1, it was agreed to tell Mr. Rasminsky that if only one or two countries disagreed, Canada should probably not engage in a "knockout, drag-out fight" on the point but should limit itself to "viewing with alarm." Mr. Ilsley nevertheless felt that it might mean that Canada would have to remain out of the Fund and we all agreed that there would be very little, if any, chance of the United States accepting the Fund if the British view in regard to exchange rates prevailed. The Conference might merely prove to be an academic exercise. We also thought it advisable to have our delegates try to get the British delegates to impress their Government with the virtue of taking a reasonable gamble because of the facts already mentioned.

In regard to #2, we felt that Mr. Rasminsky's formula was okay and should be stressed more under the circumstances. We also felt the Canadian delegates should fight against any "cooking" of the quotas.

In regard to #3, we agreed with the amendment proposed by Mr. Rasminsky to section III(5).

I called Mr. Rasminsky this morning and gave him these views over the telephone.

3. *Further Questions.*

Mr. Rasminsky raised two more points:

(1) The present draft agreement requires a majority of quota votes for an all-round change in the value of gold. Mexico is suggesting that such a change be effected by a majority of *countries* rather than by quota votes or a majority of countries having 10% or more of the quota. South Africa was proposing that the decision be by a majority of quota votes of those countries having 10% of the quotas and including at least one-third of the member countries.

I agreed with Mr. Rasminsky that the Canadian Delegation should continue to press for the formula as it is in the present draft.

Mr. Rasminsky indicated also that an embarrassment had arisen yesterday because of an amendment advanced by Mexico which would have the effect of allowing silver holding countries to get an additional quota equal to 80% of their present quotas by pledging silver. In the discussion yesterday only Dennis Robertson of the British Delegation had opposed this proposal, and other countries seemed unwilling to "stick their necks out."

I agreed with Mr. Rasminsky that he should oppose this proposal, but using as much discretion as possible.

[W. C. CLARK]

**36.** DEA/6000-F-40

*Mémorandum du sous-ministre des Finances*
*Memorandum by Deputy Minister of Finance*

[Ottawa,] July 10, 1944

BRETTON WOODS CONFERENCE

*Re: Telephone Conversation with Dr. Mackintosh.*

Dr. Mackintosh called me today to report on four points.

1. *Executive Committee.*

He said it was now very likely that five permanent directors would be named — U.K., U.S., Russia, China and France. We had made our own position clear but it was impossible either to limit permanent directors to three or to increase them to six (with the inclusion of Canada). We had also pressed our supplementary suggestion (providing for representatives on the permanent directorate of at least two creditor countries) but we were doing it on grounds of principle rather than as a means of "fobbing off" Canada. The United States technicians were enthusiastic about it and were pressing it strongly. At my suggestion, Mackintosh agreed to keep our own pressure up.

2. *Exchange Rate Formula.*

The Conference or one of its sub-committees appears to have adopted the British suggestion, but this has been greatly strengthened and seems now to be reasonably acceptable from our point of view. Under the present draft, if a country depreciates against the wishes of the Fund it is suspended from the use

of the Fund's facilities unless the Fund actively intervenes, and will be thrown out by the end of the year unless the country reaches a satisfactory agreement with the Fund.

The United States Congressmen on the U.S. delegation thought this revised formula was better from the point of view of the U.S. Congress, and this attitude swung the U.S. delegation over.

3. *Convertibility.*

Discussion of this problem is not yet completed but the British will apparently accept both tests of convertibility; (in other words, they will accept the addition to Section III(5) of the test which we suggested the other day, namely, "or so long as it has independent monetary reserves in excess of its quota.") It is not yet clear that the U.S. will not wish to be stiffer than this but we will play along behind the U.S., that is to say, we will accept the British suggestion if the United States is willing to, but if the United States is unwilling to we will support their stand.

4. *Bank for Reconstruction and Development.*

Dr. Mackintosh asked us for some instructions as to what the Canadian subscription ought to be. Keynes had raised the question with our delegates, pointed out that the Bank was a more flexible instrument than the Fund and that anything from $300 to $500 million might be desirable. Non-committally, our men said that in a $10 billion institution our share might be of the order of $325 million. Mackintosh says there is no doubt that the British and United States will wish to give us a prominent place in the Bank including a permanent seat.

We are going to have some fun with other delegates by pointing out that we do not know why subscriptions to the Bank should be any different from the quotas given to various countries in the Monetary Fund.

The United States apparently expects to put up $3,500 million, but nothing is known as yet about the probable subscriptions of other countries.

I promised to let Mackintosh know our views in the next day or two.

N.B. (1) The U.S.S.R. is still pressing for a quota in the Fund approximately the same size as that of U.K. (perhaps $1100 or $1200 million) and are likely to get it. This will mean an addition to the size of the Fund, bringing it up to perhaps $8400 million. Mackintosh thought there had been a modest reduction in the Chinese quota, and India and Australia were still trying to get their quotas lifted somewhat.

(2) He also said that the silver agitation would not get anywhere. Mexico had created some embarrassment but was not getting any real support and their proposals were likely to fall through.

C[LARK]

**37.** DEA/6000-F-40

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre des Finances*

*Under-Secretary of State for External Affairs to Deputy Minister of Finance*

Ottawa, March 27, 1945

Dear Dr. Clark,

The American Ambassador told me today that he had had a word this morning with Dean Acheson about the position of the Bretton Woods proposals in Congress. Prospects in the Senate were favourable, but the division in the House of Representatives would probably be very close, and it might be necessary to concede some token amendment to conciliate the opposition. Any amendment the Administration accepted would be innocuous and they hoped easily acceptable to other Governments.

I showed Atherton the draft reference to Bretton Woods which the Prime Minister proposed to use in his speech tonight.[20] He thought such a statement would have a very helpful effect in Washington where Acheson had said that any indication that "the other creditor country" was disposed to go ahead with the Bretton Woods proposals would have some influence on the faint-hearted Congress.

Yours sincerely,

N. A. ROBERTSON

**38.** DEA/6000-F-40

*Communiqué du ministre des Finances*

*Press Statement by Minister of Finance*

Ottawa, July 26, 1945

PRESS STATEMENT BY HON. J. L. ILSLEY

The intention of the Canadian Government to introduce legislation at the next session of Parliament to provide for Canadian participation in the International Monetary Fund and the International Bank for Reconstruction and Development was announced by the Hon. J. L. Ilsley in a press statement this morning.

In speaking to the Press, the Minister of Finance said, in part, "You will recall that the Bretton Woods Agreements reached a year ago on July 22nd, were the result of a series of discussions among treasury and central bank officials of a large number of countries, beginning as early as 1942. Separate

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[20]Le discours a été prononcé le 28 mars 1945. Voir Canada, Chambre des communes, *Débats*, 1945, Première session, p. 324.
The speech was given on March 28, 1945. See Canada, House of Commons, *Debates*, 1945, First Session, pp. 309-10.

plans were originally put forward by United Kingdom and United States officials in the spring of 1943. These plans were circulated to other governments and were made public so that they might be subjected to the scrutiny of public opinion as well as to the analysis of experts. Canadian officials took an active part in these discussions as well as in those of the Bretton Woods Conference and I think I am right in saying that the general opinion abroad as well as at home is that the part they played was a helpful and constructive one.

The Bretton Woods Conference was a conference of Government representatives but no government was in any sense committed by the Agreements reached there. It remained open to each government to decide whether or not it wished to ask its legislative body to approve participation in the proposed institutions.

The United States Congress has approved by large majorities the participation of that country in these two institutions. The Unted States is thus the first of the forty-four countries represented at the Conference to decide through its legislative processes on participation. The Canadian Government warmly welcomes the decision of the United States and finds in it an encouraging indication of determination to provide leadership in seeking the 'bold and imaginative' solutions of world economic problems which the Prime Minister and the late President Roosevelt agreed were necessary, when they last met.

For our own part, the Canadian Government intends to introduce legislation at the next session of Parliament to provide for Canadian participation in the International Monetary Fund and the International Bank for Reconstruction and Development. I do not propose to say anything about the rather complex details of these institutions but they appear to me to represent an attempt to avoid some of the errors and evils of the past and to deal with international financial and monetary matters through co-operative action amongst nations.

The International Monetary Fund provides a system of exchange relationships among nations which avoids both the excessive rigidity of the automatic gold standard and the excessive flexibility of completely unregulated exchange rates. Under the Agreement, competitive currency depreciation will be debarred and so, also, will multiple currency practices involving a variety of exchange rates as used by Germany before the war. Each country joining the Fund will fix the par value of its own currency and will undertake not to change this except to correct a fundamental disequilibrium. A leeway of ten percent is allowed for subsequent changes which may be made by the independent action of each country, but for changes beyond this members agree to consult first with the Fund. For its part, the Fund must approve changes if they are necessary to correct a fundamental disequilibrium. Hence, no country need fear that it is putting on a strait-jacket by agreeing to these provisions.

When the Plan is fully in operation, one currency should be freely convertible into any other currency, so that a country can export with the assurance that it can use the proceeds of its exports to any part of the world to pay for its imports from any other part of the world and that it does not have to

balance its accounts with each of its trade partners individually. To enable countries to do this, a pool of credit totalling $9 billion is established to which each country contributes and from which each country is entitled to draw according to a set of quotas reflecting roughly the economic capacity of each country. The quota for Canada is $300 million in terms of United States funds. Of this, we shall put up $75 million in gold and the balance in Canadian funds which the Fund will have available for sale to other countries for the purpose of making payments for goods and services purchased in Canada. If from time to time our own current payments abroad are in excess of our receipts, we shall have the right to buy foreign exchange from the Fund to the extent of 125 percent of our quota or the equivalent of $375 million United States funds.

Whereas the International Monetary Fund provides for financing temporary deficits in the balance of payments of member countries, the other proposed institution, the International Bank for Reconstruction and Development, is intended to help provide long term capital requirements. It is to do this partly by making direct loans itself to aid in reconstruction and development but mainly by guaranteeing loans issued through the private investment market. The Canadian participation in the capital of the Bank is equivalent to $375 million (U.S.). Of this only twenty percent is to be paid in at once, two percent in gold and eighteen percent in Canadian dollars. The balance will be subject to uniform call on all members if it is necessary to make good on guarantees given by the Bank.

The Canadian Government believes that these two institutions, if established, can play a very important part in facilitating the economic reconstruction of the world. They can minimize economic friction among nations and can help to provide the monetary conditions necessary to attaining a high level of world trade on a non-discriminatory basis. They can be of particular benefit in the immediate future to the countries materially and economically devastated as a result of the war. Canadian participation in the Fund and in the Bank is one way in which we can help toward the rehabilitation of these countries and the re-establishment of their economies.

But our interest in seeing these institutions set up is not solely altruistic. We think that this country has a great deal to gain from their establishment. Foreign trade is very important to us and foreign trade cannot possibly flourish under conditions of chaotic changes in exchange rates, competitive exchange depreciation, blocked currencies and so on. A reasonable degree of exchange rate stability is necessary if trade is to be carried out without excessive risks. Moreover, as we all know, we have normally sold more to the United Kingdom than we buy there, while we buy more from the United States than we sell to them. When the Fund is fully functioning, it should be of assistance in enabling us to use our surplus with the United Kingdom to cover our deficiency with the United States. To attempt to balance our accounts bilaterally with both the

United Kingdom and the United States would only result in great economic disorganization and a lower standard of living in this country.

We have another important interest in these institutions. Canada is one of the few countries which is likely to be in a position to lend abroad during the next few years. At times we will wish to do so in order to maintain employment in our own export industries. It is of interest to us that loans made or guaranteed by these institutions will help to maintain our export trade. This may well turn out to be a useful supplement to our direct loans under the Export Credits Insurance Act.

I have referred to the advantages of the Bretton Woods institutions but it is important also to recognize their limitations. They provide a framework which will help greatly in the development of favourable economic relations among nations, but they do not guarantee that nations will in fact adopt commercial policies of an expansive rather than a restrictive sort. Quite independent action will be needed in this field. Neither do the Bretton Woods Agreements solve the problems of countries whose international financial position has been greatly worsened as a result of the war. The Agreements recognize that some countries may not be in a position to assume immediately all the obligations of membership in the Fund.

Specifically what this delay means for us is that the International Monetary Fund will not immediately have the effect of making our surplus sterling convertible into United States funds. This, in turn, means that we must look forward to a continuance of exchange control in Canada. We have to anticipate deficits in our current account transactions with the United States and if we are to be able to meet these deficits we must be in a position to prevent any unnecessary export of capital. I would hope and expect, however, that the exchange control could remain as it is now, confined to controlling capital movements, and that there need be no restrictions on ordinary current account transactions.

The institutions for which the Bretton Woods Agreements provide are immensely important in the rebuilding of international economic relations. It is in this belief that the Canadian Government proposes to recommend Canadian participation in them. The Government is, however, keenly aware that if the Bretton Woods Plans are to achieve the full measure of their purpose, they will have to be followed by other agreements in the field of international economic policy and particularly by action designed to reduce trade restrictions and to deal constructively with the immediate financial problems of the countries whose position has been most seriously undermined by the war."

**39.** DF/8110 Vol. 1

*Mémorandum de l'adjoint spécial en temps de guerre du sous-ministre des Finances au ministre des Finances*

*Special Wartime Assistant to Deputy Minister of Finance to Minister of Finance*

Ottawa, November 21, 1945

RE: BRETTON WOODS LEGISLATION.

In the White Paper on Employment and Income the Government endorsed these plans and expressed the hope that Parliament will in due course approve the draft Agreements. In the Speech from the Throne[21] the legislation was mentioned as being in the program for this session.

In the Articles of Agreement of the International Monetary Fund it is provided that on signifying its willingness to join the Fund, a country shall pay into the United States 1/100 of 1% of its quota. In Article XX, section 2, paragraph (e), it is provided that the Articles of Agreement shall be open for signature until December 31, 1945. It is further provided that the Articles of Agreement shall come into force when countries holding 65% of the total quotas have signified their intention of joining. In paragraph (d) of the same section it is provided that if the Fund has not come into force on December 31, 1945, the initial contributions above referred to shall be returned to the countries which paid them.

The Articles of Agreement of the International Bank for Reconstruction and Development are identical on these points.

It is clear that unless the adherence of countries holding 65% of the quotas is obtained by the end of December, the Articles of Agreement will lapse. There is no provision in them for any extension. I would think that it would not be impossible to obtain some agreement to extension but it would be decidedly awkward and risky. The United States are inclined to be very critical of the United Kingdom for holding up their approval of Bretton Woods and it has been reported to us that Vinson[22] has said that if the Agreement lapses on December 31st, it is dead as far as he is concerned as he will not go back to Congress to get a new approval.[23]

W. A. MACKINTOSH

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[21]Le 6 septembre 1945. Voir Canada, Sénat, *Débats*, 1945, Deuxième série, p. 4.
September 6, 1945. See Canada, Senate, *Debates*, 1945, Second Series, p. 4.

[22]Fred M. Vinson, secrétaire au Trésor des États-Unis.
Fred M. Vinson, Secretary of the Treasury of the United States.

[23]La loi autorisant l'acceptation de l'accord par le Canada eut reçu la sanction royale le 19 décembre 1945. Voir Canada, *Statuts*, 9-10 George VI, Chapitre 11.
Legislation enabling acceptance of the agreements by Canada was assented to on December 18, 1945. See Canada, *Statutes*, 9-10 George VI, Chapter 11.

**40.** DEA/6000-G-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-4302 Ottawa, December 24, 1945

IMMEDIATE. My despatch No. 1413 dated December 18, 1945,† conclusion of Bretton Woods Agreements.

The submission to Council,† a copy of which was enclosed with my above mentioned despatch, was approved on December 21st and gazetted on December 22nd. It is therefore in order for you to conclude the Agreements for Canada on December 27th.[24]

## PARTIE 2/PART 2
## COMMERCE EXTÉRIEUR
## INTERNATIONAL TRADE

**41.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM -13 London, February 25, 1944

SECRET. Following for Robertson from Canadian Delegation Economic Policy Talks.[25]

The British appear to be bothered considerably by the approach to the problem of preferences and multilateral tariff reduction which developed out of the Canadian-United States talks.[26] Their immediate reaction was that the United Kingdom approach had been turned around. They state that their objective was to achieve a drastic scaling down of the very high rates by means of a ceiling, say 25%; only a relatively small reduction, much less than 50%, in

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[24]Voir Canada, *Recueil des traités*, 1944, N° 37.
See Canada, *Treaty Series*, 1944, No. 37.
[25]Voir aussi le document 20./See also Document 20.
[26]Voir la pièce jointe, document -1./See enclosure to Document -1.

the moderate rates and no reduction of the low rates, i.e. rates below a floor of say 10%. They seem to feel that the emphasis has been reversed by the discussion of a general 50% cut which would not bring down the very high rates sufficiently while effecting a very substantial cut in the moderate rates. With regard to preferences, they do not rule out the possibility of increases in British preferential rates to reduce or eliminate margins. We have explained our position fully and have emphasized that in our discussions with United States officials we made it clear that we also preferred a ceiling, but that even with a ceiling, substantial general cut in rates should be achieved. The British appear to be delaying discussion apparently in order to give them time to consider the implications of the Canadian approach.

The discussions of this matter will be resumed not earlier than Tuesday. If you have any comments we should be glad to receive them. Ends.

**42.** DEA/7-Js

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 385 Ottawa, February 28, 1944

IMMEDIATE. SECRET. Following for McKinnon from Robertson, Begins: Following comments on United Kingdom approach outlined in your telegram No. -13 may be of some assistance:

(1) A multilateral commercial convention open to general accession with a minimum of reservations should be as simple and uncomplicated as possible. This seems to me a powerful political argument in favour of the simplest formula that can be made to appear reasonably equitable, i.e. a fifty percent reduction in all rates qualified if feasible by agreed ceiling and floor.

(2) Suggestion that multilateral tariff reductions should be brought about by differing percentage cuts in various classes of rates would appear to involve all the technical problems encountered in examination of ceiling proposals including difficulty of comparing specific and *ad valorem* rates of duty and F.O.B. and C.I.F. methods of valuation, plus new complications akin to the "notch problem" in income taxation arising out of the transition from one class of rates which would be subject to given percentage reduction to the next lower class where a lower coefficient of reduction would apply.

(3) "Drastic and comprehensive" tariff reductions should be of an order that would make reasonable the United States-United Kingdom objective of the total abolition of quantitative import restrictions and substantial elimination of preferences. I do not think a general reduction of less than fifty percent would meet these tests.

(4) So far as possible the "elimination" of preferences should be a consequence of overall tariff reductions, thus lessening the scope and plausibility of United States requests for special capitulatory concessions in respect of Imperial Preferences. Obviously the further you go in reducing tariffs generally, the problem of the residual preferences diminishes in difficulty and vice versa.

(5) There is a good deal of validity in United States contention that a fifty percent cut in a forty percent tariff rate is likely to be of more serious economic consequence than a fifty percent cut in a twenty percent rate. For this reason I am not greatly worried by optical inequality of sacrifice which would result from application of a single formula of reduction to high and low tariff countries. Ends.

**43.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 524 London, March 3, 1944

SECRET. Following for Robertson from Canadian Delegation, Economic Policy Talks, Begins:

1. Commercial policy discussions yesterday and today were devoted largely to technical aspects of applying any formula to specific duties, the incidence of which was changed since pre-war owing to price level and exchange rate changes. One United Kingdom suggestion is that the reduction of specific duties should be adjusted to compensate for changes in exchange rates and price levels. Rates on the United States dollar and the United States price level would be taken as basis for the adjustment. To help meet problem of specific rates generally, the United Kingdom has suggested that provision be made for deferred enforcement of ceiling with earlier operation of overall reduction, thus providing time for the collection of relevant statistical data for the calculation of *ad valorem* equivalents of specifics for the purposes of the ceiling. We urged that ceiling be expressed as an *ad valorem* rate on specified basis of valuation more than which no importer would be required to pay. While recognizing in theory the validity of contention regarding reduced incidence of specifics under today's values, we urged that the complications and anomalies resulting from crude adjustments for price level and exchange rate changes should not be introduced except for countries in special circumstances which would be dealt with separately.

2. As soon as discussions left technical issues for concrete matter of precise formula, Australian delegation in general statement of their position questioned seriously the practicability of the multilateral approach to tariff reduction. Their statement explained in detail difficulty of undertaking to reduce rates, the inequities involved in a general reduction, serious technical

difficulties, etc. They suggested instead that multilateral approach might be confined to a tariff truce with an aspirational statement to reduce duties in the future. India came out in favour of something along the lines of Formula D which will give them freedom as to which items the reductions will be applied. It is not clear how seriously this is to be taken. They are probably only concerned about relatively few rates of an infant industry character. The United Kingdom, it appears, is not inclined to apply any serious pressure to Australia because of political reasons. The problem of preferences has not yet been discussed as such. It will come up at the next meeting when we intend to make a full and frank statement of our position regarding both preferences, tariff reduction and the multilateral approach.

3. Present forecast is meetings will continue to about March 17th, adjourning then for long weekend to permit United Kingdom consultation of Ministers and reassembling following week to draft document for conclusions. Ends.

**44.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 560 London, March 8, 1944

SECRET. Following for Robertson from Canadian Delegate, Economic Policy Talks, Begins: Regarding commercial policy.

Following general statements by Dominions, United Kingdom have now outlined their position regarding the tariff reduction formula and preferences.

1. Tariff reduction. United Kingdom still prefer formula providing for ceiling of 25%, floor of 10% and a reduction of 25% in rates between ceiling and floor. They recognise that ceiling of 25% might be too drastic for high tariff countries, but think it important that high rates should be cut further than moderate rates. Consequently they forego ceiling as an immediate measure and suggest a graduated reduction of M.F.N. rates obtained by application of the formula one half of the rate in 1939 plus 5% *ad valorem* originally proposed by South Africa. Thus previous M.F.N. rate of 100 would be reduced to 55 and M.F.N. 30 to 20. They feel technical problems of this method not insuperable if general reduction is not applied immediately which would allow time for collection of statistics. If quantitative restrictions are to be permitted during transitional period they think it may not be possible to obtain immediate application of tariff cut in any case.

2. Tariff floor. United Kingdom propose floor of 10% under which there would be complete freedom to adjust rates including free rates.

3. Infant industries and new duties: United Kingdom propose countries might be permitted to give protection for limited period not exceeding specified rates on any commodity where domestic production is less than a given proportion of consumption. After expiry of limited period duties must be reduced.

4. Preferences. United Kingdom agree with Canadian position that Convention should not contain anything which would require or would result in a general raising of B.P. rates in order to reduce preferential margins. They do not envisage an absolute prohibition against increases in B.P. rates but no one should be compelled to do so. They propose that the preference margins should be reduced by the graduated reduction of M.F.N. rates in accordance with above formula, but that no preferential margin need be reduced below 5% *ad valorem*. Thus M.F.N. of 50 and B.P. of 30 would be reduced to 30 and 25. Contrary to Canadian suggestion regarding unbinding of margins, United Kingdom oppose unbinding of B.P. margins or rates on the ground that this might lead to countries of Commonwealth making bargains at expense of one another and give rise to intra Commonwealth discrimination.

5. In stating preliminary Canadian reaction we said that we could not oppose the principle of graduated reduction provided it is substantial, but that we saw considerable technical difficulties in respect of specified rates. We said we were most doubtful that the United Kingdom proposal regarding preferences would be acceptable to the United States. They replied that they are prepared to put the proposals up to the Americans and to argue strenuously in this matter, which they have always regarded as a case for striking a bargain between the amount of tariff cut and reduction of B.P. margins. They explained that in agreeing to Article 7 it was understood that the reduction of tariffs and the "elimination" of discrimination could both be gradual. We reserved our position completely regarding their opposition to our suggestion for the unbinding of margins. We are informed unofficially that there is now a group in the United Kingdom Cabinet, namely Beaverbrook, Amery and Hudson,[27] who are not prepared to accept a relaxation of the B.P. system. The opposition to our suggestion concerning unbinding is probably not unconnected with this situation.

6. The immediate reactions of other Commonwealth representatives were non-commital. The Australians felt that the proposed general reduction in tariffs would, on the one hand, be inequitable in its effect on their individual protected industries and on the other, not achieve an adequate reduction in the barriers to their products in the United States market.

7. We are anxious to hear your views.[28] Ends.

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[27]R. S. Hudson, ministre de l'Agriculture et des Pêcheries.
R. S. Hudson, Minister of Agriculture and Fisheries.
[28]Aucune réponse ne fut trouvée./No reply was located.

**45.** DEA/7-Js

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre des Finances*

*Under-Secretary of State for External Affairs to Deputy Minister of Finance*

SECRET. [Ottawa,] March 10, 1944

Dear Dr. Clark,

I am enclosing copy of High Commissioner's telegram No. 560 of March 8th, setting forth the United Kingdom approach to questions of tariff and preferential policy. The distance between the United States and the United Kingdom positions appears to have widened a good deal since they first met in Washington in October. In general, objectives seem to be shrinking and receding. It seems to me that, as the multilateral programme becomes more modest and more remote, we shall have to look more seriously and more quickly at the specific problem of Canadian-American trade relations. I had envisaged a bilateral agreement with the United States, supplementing a general multilateral tariff reduction, but if effective multilateral action is to be indefinitely deferred and, when achieved, prove modest, then I think we may have to look at the question again from the continental viewpoint.

Yours sincerely,

N. A. ROBERTSON

**46.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 585 London, March 10, 1944

SECRET. Following for Robertson from Canadian Delegation, Economic Policy Talks, Begins: Regarding Commercial Policy.

1. In course of discussion of provisions of proposed Convention regarding removal of quantitative restrictions, United Kingdom outlined some of their preliminary views concerning latitude they require during transitional period. They propose that any member should be free to use quantitative restrictions to deal with immediate post-war emergencies without limitation for a two year period save to consult with other members who may be injured thereby. This would be followed by a second phase lasting three years during which all quantitative restrictions would be eliminated progressively. They attach two-fold meaning to transitional period (a) transition from war to peace, (b) transition from higher to lower levels of protection. With respect to latter, they are inclined to think that from practical standpoint of reaching agreement, the abolition of quantitative restrictions and reduction of tariffs should both be

gradual. Thus they propose signature of Convention as soon as possible by group of countries with substantial proportion of world trade. Convention would become operative immediately with respect to establishment of organization. Collection of statistics and consultation regarding quantitative controls during transitional period. Partial tariff cut might begin at end of hostilities and continue progressively until full reduction is reached at termination of special transitional arrangements.

2. We expressed view that full tariff reduction should go into effect at once as soon as possible following close of hostilities in order to facilitate and hasten whole process of MPCAS statement. Since it appeared in our discussions with United States officials that they were showing signs of giving sympathetic consideration to this course, we felt it unwise for United Kingdom to suggest possibility of gradual or delayed reduction. We were supported in our attitude by New Zealand and South Africa and it seemed we made some headway in convincing United Kingdom. Australians on other hand said that until there was an opportunity to examine the effect of the proposals on their industries they could not say whether they are acceptable on basis of either immediate or gradual application. If effects are severe they feel they would need time and have freedom to use quantitative restrictions during transition period.

3. This discussion was preliminary. Full and detailed consideration of transitional period arrangements will come later under monetary discussions.[29] Ends.

**47.** DEA/7-Js

*Le sous-ministre des Finances*
*au sous-sécretaire d'État aux Affaires extérieures*

*Deputy Minister of Finance*
*to Under-Secretary of State for External Affairs*

SECRET Ottawa, March 11, 1944

Dear Mr. Robertson:

Thanks for your note of March 10th transmitting copy of High Commissioner's telegram 560 of March 8th, which sets forth the United Kingdom's approach to questions of tariff and preferential policy.

I agree with your comments and your general approach. In fact, for some time I have been growing increasingly skeptical of the possibilities of real achievement under the multilateral program and therefore increasingly concerned with the advisability, from our point of view, of a radical continental approach coupled with a radical Canadian-British program.

You will probably wish a conference on the reports of our delegation in London and particularly on despatch 560 in order to give further instructions to our delegation. Unfortunately it now appears that I will have to be out of

[29]Voir le document 24./See Document 24.

town for the next few days but in spite of that I think you should have the discussion early next week.

Yours sincerely,

W. C. CLARK

**48.** DEA/6000-A-40

*Le conseiller, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*Counsellor, Embassy in United States, to Under-Secretary of State for External Affairs*

SECRET Washington, March 11, 1944

Dear Mr. Robertson:

With reference to your letter of February 17th, 1944,† and subsequent exchange of teletype messages† concerning discussions between Canadian and United States officials on commercial policy, I enclose herewith twelve copies of a mimeographed statement received this morning from Mr. Southworth[30] dealing with the conversations at Washington and at New York.

The suggested changes by the United States group in our draft statement† have been incorporated in the United States revision. The only other change that I notice is in IV (5), where we use (x%); you will note they have inserted (say 50%).

In conversation yesterday with Mr. Southworth, he said that they hope within the next two or three days to submit to the Committee on Post-War Programs a statement which will consist of the undertakings formulated during the discussions, and in the event of clearance on this high level, the United States hope to proceed with conversations with other countries.

Yours sincerely,

M. M. MAHONEY

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[30]Constant Southworth, adjoint, Direction de la politique commerciale, département d'État des États-Unis.
Constant Southworth, Divisional Assistant, Division of Commercial Policy, Department of State of the United States.

[PIÈCE JOINTE/ENCLOSURE]

DÉCLARATION SUR LES DISCUSSIONS CONCERNANT LA POLITIQUE COMMERCIALE

STATEMENT ON DISCUSSIONS ON COMMERCIAL POLICY

SECRET

*Informal Exploratory Conversations Between Officials of the United States and Canada Regarding the Formulation of an Agenda for Discussions Looking Toward the Implementation of the Principles Enunciated in the Exchange of Notes Between the United States and Canada on November 30th, 1942.*[31]

Washington, January 3rd to 7th, 1944
and
New York, February 12th to 13th, 1944.

ECONOMIC POLICY OTHER THAN MONETARY AND FINANCIAL

SECTION ON COMMERCIAL POLICY

The procedure adopted for the American-Canadian talks on commercial policy, of which this is a summary, was a topic by topic discussion of the commercial policy section of the joint statement of October 16th, 1943† resulting from the earlier informal talks by the American and British groups on economic policy other than monetary or financial. Where it is stated below that the Canadian group concurred with or had no objection to any designated portion of the United States-United Kingdom statement, the implication is that the American group had not changed its position with regard to such portion since formulation of that statement. Numerical references to that statement hereinunder are to the section on commercial policy.

I. MULTILATERAL APPROACH

1. It is highly desirable to negotiate a multilateral convention on commercial policy covering both quantitative import restrictions and tariffs. Such an attempt should be made at the earliest possible moment while conditions of relative commodity scarcity still obtain and foreign competition is of relatively little concern to domestic producers and before demobilization of war industry has set in and vested interests in war-time restrictions on imports become too highly developed. The Canadian group suggested that the convention should cover an initial period of at least 10 years.

2. The multilateral convention should be so drawn that all states could accede to it including industrially undeveloped countries as well as industrial countries

[31]Voir Canada, *Recueil des traités*, 1942, N° 17. Voir aussi le volume 9, les documents 610, 612.
See Canada, *Treaty Series*, 1942, No. 17. See also Volume 9, Documents 610, 612.

and countries with largely state-directed economies as well as countries where private enterprise predominates.

3. The American group felt that if it should not prove feasible to remove quantitative import restrictions and reduce tariffs simultaneously serious consideration should be given to the negotiation of a convention providing for immediate removal of quantitative import restrictions and for subsequent bilateral negotiations to reduce tariffs. The Canadian group felt that, on the contrary, since quantitative restrictions and tariffs are often alternative forms of protection, undertakings to eliminate quantitative restrictions and to reduce tariffs ought to be reciprocal and simultaneous. With respect to the carrying out of these undertakings it was urged that during the transitional period there may well be circumstances which would require that certain countries with unbalanced economies should be given an agreed period in which to liquidate quantitative restrictions while tariffs should be reduced forthwith.

4. In general the Canadian group was in accord with the United Kingdom view expressed in the United States-United Kingdom statement (I 1, page 6): that a definite commitment to abolish quantitative restrictions should be accompanied by an equally precise commitment to effect substantial reductions in tariffs. In the view of the Canadian group the extent of the overall reduction should be of the order of, say, 50% in most-favoured-nation rates.

## II. NEGOTIATION, ADHERENCE AND GENERALIZATION PROCEDURE.

There was general agreement that the following procedure regarding negotiation, adherence, and generalization with respect to the proposed multilateral convention on commercial policy might be desirable:

(1) Agreement should be reached first among the United States, the United Kingdom, the countries of the British Commonwealth, the U.S.S.R., and as many other countries as practicable, on a draft convention designed to be feasible of adherence by all countries.

(2) Prior to signature by the original group, the draft convention would be submitted to other countries with a view to obtaining their agreement thereto without any important exceptions or reservations in respect of any particular country.

(3) The convention should come into force upon adherence by a group of countries which could form an adequate nucleus.

(4) When the tariff reductions and other benefits of the convention enter into force they should be extended to other countries for a stated time to cover the period of notice generally required for the revocation of trade treaties and most-favoured-nation arrangements. After the expiry of this period the benefits should be withdrawn from countries which have not adhered to the convention; it might well be desirable for the international organization to be granted authority to extend the period for adherence or to make exceptions in the terms of the convention in justifiable cases for particular countries.

(5) The convention should include a provision for the abrogation and prohibition of all commitments regarding the maintenance of margins of

preference and rates bound against decreases so that all rates would become and continue to be freely negotiable. (Although the United States group agreed with the substance of this statement, it questioned the appropriateness of including it in Section II rather than in Section IV).

(6) The convention should provide that all reductions in rates resulting from the tariff reduction formula and all subsequent reductions in rates by any signatory country must be extended automatically and unconditionally to all the signatories of the convention.

## III. TARIFFS.

1. *Tariff-Reduction Formulae.*

The first three alternative formulae in the United States-United Kingdom statement (I 2, pages 7-8) were discussed on the understanding that they referred solely to most-favoured-nation rates — not to preferential rates nor to any rates higher than the most-favoured-nation rates. The Canadian group felt that formula A — uniform reduction with a ceiling and a floor — would most effectively accomplish the purpose of world tariff reduction. However, recognizing the technical difficulties of applying the ceiling formula to specific duties and different valuation systems, the Canadian group thought that consideration might be given to a modified form of formula C. Both groups agreed on the following modification of formula C as a tentative basis for further discussion of tariff reduction in the proposed convention: all duties to be reduced by a given percentage of their level as of a given date, say, July 1st, 1939, with a provision that no country is obliged to reduce any *ad valorem* duty below 10%, on the basis of a specified method of valuation, and that any country may instead of reducing a duty of a form other than *ad valorem* substitute for such duty an *ad valorem* duty not to exceed 10% calculated according to a specified basis of valuation. It might be found necessary to allow certain countries lacking experience in valuation to establish reduced duties of other form to a level not exceeding 10% in *ad valorem* equivalent; the question as to what is the *ad valorem* equivalent thereof to be reviewed by the proposed international commercial policy organization.

No duty which has been reduced in accordance with this convention shall thereafter be increased, nor shall its form (e.g. *ad valorem*, specific, compound, etc.) be changed except that any other form of duty may be changed to an *ad valorem* duty which is of no higher rate as determined, in case of necessity, by the proposed international commercial policy organization. No duty which has not been reduced by this convention, shall hereafter be fixed at a higher rate than was in effect on July 1st, 1939, nor shall it be expressed in a form different from that in use at said date, except that any other form of duty may be changed to an *ad valorem* duty which is of no higher rate, as determined, in case of necessity, by the proposed international commercial policy organization. No duty shall hereafter be established or maintained on any article which as of July 1st, 1939, was free of duty.

2. *Revenue Duties.*

In general the proposed exemption of revenue duties from the provisions respecting tariff reductions and tariff binding and the definition of revenue duties in I 3 (page 8) of the United States-United Kingdom statement, were satisfactory to the Canadian group. However, discussion brought out the need of assuring that where such duties are used to provide funds for paying subsidies the revenue duty does not become in effect a protective duty.

3. *Infant Industries and Security Industries.*

It was agreed that, in general, subsidies should be relied upon as the mechanism for governmental assistance to necessary infant industries and security industries.

Both groups emphasized that no exceptions should be allowed to the terms of the convention on security grounds. Whatever legitimate claim "infant industries" may have to special measures of assistance might be met in one or more of the following ways:

(a) through the granting of exceptions in appropriate cases by the proposed international commercial-policy organisation in accordance with agreed criteria and procedure;

(b) through subsidies (see VII below);

(c) through international assistance by provision of long-term capital or otherwise.

4. *Tariff Quotas.*

It was agreed that where a tariff quota was in existence as of July 1st, 1939, the tariff reduction formula should apply to both the upper and lower rates thereof. The Canadian group felt that in a convention abolishing quantitative restrictions, tariff quotas, which in the last analysis are of the same nature, should be dealt with in the same way. In the possible event that provisions for tariff reduction in the multilateral convention should apply only to the lower of the two rates on products subject to tariff quotas, the situation with respect to such products if such quotas were not abolished would be as restrictive as before the convention took effect, if not more so.

## IV. PREFERENCES.

1. The following statement on preferences is contained in the agreed summary of the British-American discussions (II 1, p.9)

"Article VII of the Mutual-Aid Agreement between the United States and the United Kingdom provides for agreed action looking not only toward the reduction of tariffs but also toward the elimination of all forms of discriminatory treatment in international commerce. No convention of the kind proposed would give final effect to these obligations unless it makes definite provision

both for an adequate reduction of tariffs and for the ultimate substantial abolition of preferences. There remains for determination at the proper time the difficult question of what reduction of tariffs, at one step or by stages, would be adequate to make possible the substantial abolition of preferences. It has become clear in the course of the discussions that United States opinion would not consider it equitable or reasonable to contemplate drastic and comprehensive reduction of tariffs (assuming this to be feasible) if it were not accompanied by the simultaneous substantial abolition of preferences."

2. The Canadian group pointed out that if agreement could be reached on a multilateral reduction — of say 50% — in most-favoured-nation rates, that in itself would eliminate a great many preferential margins and would reduce every one of the remaining margins by at least one half. In the opinion of the Canadian group this would go a long way toward the "substantial abolition of preferences" and is all that could reasonably be attempted in the multilateral convention. The reduction of residual margins might be accomplished in the following ways: (a) by simultaneous bilateral agreements for the further reduction of duties and the reciprocal exchange of free rates — this would be possible since all rates would be freely negotiable as a result of the abrogation in the convention of commitments regarding the binding of rates and margins; (b) by the possibility of eliminating certain preferential margins by distinguishing, for more general purposes, between preferences freely exchanged between the countries of the British Commonwealth and those granted in the non-selfgoverning colonies, particularly in what were open door areas prior to 1932.

3. The Canadian group felt in principle that it would be unreasonable for the United States to expect to achieve, in a multilateral convention, reductions of preferences below the level to which the general 50% reduction in most-favoured-nation rates would bring them. The request for the elimination of all preferences would require either (a) the removal of all duties on all products now admitted duty free from the United Kingdom, or (b) the imposition of new or higher duties on hundreds of tariff classifications on which the British Preference rate is now free. In the opinion of the Canadian group procedure (a) would clearly not be practical for Canada, while procedure (b) would run counter to traditional use of British Preferential rates as a means of reducing tariffs and would be in conflict with the main purpose of the proposed convention.

4. In the view of the United States group the extent of the tariff reduction called for in the Canadian suggestion would clearly place it within the scope of the phrase "drastic and comprehensive" used in the joint statement of October 16th, 1943, and would therefore need to be accompanied by provisions for the simultaneous substantial abolition of preferences as indicated in the statement (see sub-section II, point 1, p.11). While it is not possible at this stage to determine with accuracy how far the Canadian proposal might go toward the elimination of imperial preferences, it seems clear that a significant proportion of them would remain. It would be extremely difficult to defend a convention providing for drastic tariff reductions while leaving in existence an important segment of the preferential system to be negotiated away in supplementary

bilateral agreements involving still further tariff reduction. Such a convention would be open to the criticism that the United States had used up almost all its tariff bargaining power without achieving the objective with regard to discriminatory treatment set forth in the Mutual Aid Agreements. It would, moreover, be extremely doubtful if the United States Congress would grant the necessary authority to negotiate supplementary bilateral agreements providing for tariff reductions beyond those brought about through the multilateral convention.

5. The United States group suggests that consideration might be given to provisions along the following lines which would accompany provisions for the adequate reduction of tariffs (x per cent.) under a multilateral formula and which might meet, in part, the requirements for the simultaneous substantial abolition of preferences:

(a) If there is no or only insignificant domestic production, the non-preference duty must be reduced 50%, or to the level of the preference rate, whichever gives the lower rate.

(b) Provided that if the country wishes to maintain the duty as a revenue duty it may fix it at any level not exceeding the present level if preference is entirely eliminated.

(c) If the non-preference rate is 10% *ad valorem* or less, either it must be reduced 50% or the preference rate must be raised to equal the non-preference rate.

(d) If the reduction of the non-preference rate by 50% would bring it below 10%, it may be fixed at any figure not over 10% provided the preference rate is raised to the same level.

6. The United States group stressed the need for a general formula to deal with residual preference and suggested for consideration the following, which would be supplemented by 5(a) and (b) above: no margin of preference remaining after the application of the tariff reduction formula would be left higher than x per cent of what it was on, say, July 1st, 1939.

### V. Prohibitions and Quantitative Restrictions on Imports.

1. It was agreed that, as set forth in the United States-United Kingdom statement (III 1, page 10), import prohibitions and import restrictions such as quotas and licensing systems are among the devices most destructive of international trade, and, as part of a multilateral convention, should, except in certain special cases which would be held to a minimum and closely defined, be prohibited. In no case should their use for the purpose of protecting home industries, including infant industries and industries deemed necessary on grounds of national security, be permitted. (See I 3 above).

2. The Canadian group had no objection to the granting of exceptions to the prohibition on quantitative restrictions during a specified transitional period on grounds of balance-of-payments difficulties, for the purpose of implementing a recognised international commodity agreement, or for other agreed purposes,

along the general lines laid down in III 2 (pages 10-11) of the United States-United Kingdom statement.

3. The Canadian group likewise had no objection to the proposals for temporary emergency exceptions and for rules of fair conduct in respect to permissible quantitative import restrictions, as stated in United States-United Kingdom statement (III 3 and 4, page 11).

4. In view of the fact that a question had been raised with regard to the meaning of III 5, page 11, of the United States-United Kingdom statement, it was explained that the paragraph means that countries should be forbidden to use exchange control to evade the general prohibition on quantitative restrictions, and has no reference to the question under what circumstances, if any, exchange restrictions might be permitted.

## VI. EXPORT TAXES AND RESTRICTIONS.

The Canadian group endorsed the recommendation in sub-section IV, on export taxes and restrictions, of the United States-United Kingdom statement that there should be agreed action looking toward the abolition of export taxes and restrictions, and expressed general concurrence with the lines of such action as proposed in the said sub-section. Both groups agreed that it may be desirable to consider including special provisions in the multilateral convention on commercial policy to permit restrictions on exports of certain natural resources in the interest of conservation, subject to the approval of the appropriate international economic authorities.

## VII. SUBSIDIES.

1. Both groups agreed that, as a general principle, export subsidies and other forms of two-price systems should be banned. However, it was felt that price and income supporting measures, particularly with reference to primary industries, are inevitable in the post-war period in many countries. Also certain countries may consider that if they drastically reduce their tariffs and eliminate quantitative restrictions on imports as a result of the proposed multilateral convention, it will be necessary for them to use subsidies as a method of assistance. It is therefore important that agreement be reached as to the means by which governments may render such assistance without having to resort to quantitative import restrictions and export subsidies.

2. It was thought that one such method might be the use of income subsidies which do not affect prices in the market. Another might be governmentally guaranteed prices to producers. It was recognized, however, that either of these methods could have as injurious effects on particular surplus situations as direct price supporting measures which involve two-price systems and import restrictions.

3. Both groups thought that certain surplus situations affecting internationally traded commodities might well arise which would call for special international commodity agreements. In such cases the use of two-price systems might be permitted in accordance with the terms of such agreements. In this connection the Canadian group thought that it would be very desirable to explore further

the possibilities of the use of buffer stocks as a device which might prove adequate for many cases which might otherwise be thought to require special intergovernmental arrangements involving two-price systems.

## VIII. STATE TRADING.

1. The Canadian group thought that it might be undesirable to require countries with a complete state monopoly of foreign trade, such as Russia, to commit themselves to purchase minimum global quantities of products as a condition of becoming associated with the convention on reduction of trade barriers and of receiving its benefits (see subsection VI, para.10, page 15). Such a provision is not needed from the viewpoint of exporting interests in private enterprise countries, for if Russia cares to make use of the improved opportunities for exporting its goods which would result from the convention, it would ordinarily increase its imports *pari-passu*. Futhermore, Russia might well feel that an obligation on its part to buy should be coupled in the convention with a counter-obligation on the part of other countries to sell. The allocation of such a counter-obligation among countries of supply might present difficult problems. Also at times — for instance on the occasion of Russia possibly receiving large loans — the countries which had agreed to supply minimum amounts might face acute difficulties in meeting their commitments.

The United States group recognized that, since a country such as Russia tends to import to the limit of its ability, a global purchase commitment might not be of great practical benefit to exporters in private-enterprise countries. Nevertheless, in the view of the United States group, it would appear highly desirable, if not essential, that complete state-trading countries give some visible *quid pro quo* for the benefits received from private-enterprise countries. The proposal for a global purchase commitment should not be discarded, therefore, in the absence of some more satisfactory visible commitment.

3. It was felt by both groups that if tariff reduction and removal of quantitative import restrictions are effectively carried out by all countries adhering to the convention, increased pressure for state-operated importation might face some governments which because of budgetary difficulties or other reasons do not find subsidization feasible.

4. The Canadian group suggested that the proposed requirement that the foreign purchases and sales of state monopolies be governed solely by commercial considerations, i.e. on a nondiscriminatory basis (see VI, para. 8, p.14), might be strengthened by supplementary provisions requiring the publication of price and other data on state trading which would serve as a means of verifying its objectives and nondiscriminatory character.

5. Both groups felt the need of further thought before formulating a definite position on state trading.

## IX. INTERNATIONAL COMMERCIAL POLICY ORGANIZATION.

It was agreed, in conformity with the United States-United Kingdom statement (VII 1, page 16), that the creation of an appropriate international

commercial-policy organization seems essential to the successful operation of any general multilateral commercial-policy convention. The Canadian group was in general agreement with sub-section VII of the United States-United Kingdom statement regarding the functions of such an organization and the principles on which it should operate. The Canadian group thought that formal connection should be established by the new body with existing international bodies and that the latter should continue to function where appropriate, in close relation with the new organization.

**49.** DEA/6000-40

*Mémorandum*
*Memorandum*

[Ottawa, April 25, 1944]

POST-WAR INTERNATIONAL ECONOMIC POLICY

The broad objectives of the United Nations regarding post-war international economic policy are a prominent part of the general statement of aims in the Atlantic Charter and the Mutual Aid Agreements. Since early in 1942 experts and officials of governments, particularly in the United Kingdom, the United States and Canada have explored, in a non-commital manner, the methods by which these broad objectives might be given practical effect. This exploration has proceeded from the standpoint of a broad international approach; one in which all the United Nations could participate in the formulation and control of arrangements on the functional principle, and assume obligations on a multilateral basis in contrast to the alternative of bilateral agreements or exclusive undertakings within regional or special groupings. The field which is being explored is comprehensive. International collaboration and specific arrangements are sought in all the spheres of complementary international economic policy which can be combined into an integrated programme for the attainment of expanding trade, rising standards of living and full employment throughout the world. Thus concrete proposals, based on the multilateral approach, are being considered in respect of monetary and exchange policy, international investment policy, commercial policy, commodity policy, cartel policy and employment policy.

The proposals concerning monetary and exchange policy are designed to provide for reasonable stability and orderly adjustment of exchange rates, short term assistance to countries which have a temporary deficit in their balances of payments, the free convertibility of currencies and the prevention of discriminatory currency practices. The so-called Keynes plan (U.K.),[32] the White plan (U.S.)[33] and the plan prepared by Canadian experts[34] are all directed to these ends and differ mainly in the methods suggested. These plans have been discussed fairly widely among experts of the United Nations and

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[32]Voir/See Horsefield, ed., *International Monetary Fund 1945-1965*. Volume III, pp. 3-36.
[33]Ibid., pp. 83-96.
[34]Voir le volume 9, document 594./See Volume 9, Document 594.

throughout the past year many exchanges of views have taken place between the officials and experts of the United Kingdom, the United States and Canada. Commonwealth discussions took place in London in the autumn of 1942[35] and again recently during February and March last.[36] As a result of all these conversations a compromise statement of principles has been prepared which carries the agreement of the British, American and Canadian experts.[37] We have been informed indirectly that it is probable that President Roosevelt will call a United Nations monetary conference during the next month or two at which the agreed statement of principles would receive formal consideration by governments.

In Article VII of the Mutual Aid (Lend-Lease) agreements the United States and the other signatory governments agreed, among other things, to enter into post-war arrangements directed to the "elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers." Early in 1943, United Kingdom experts, in preparation for conversations with the United States regarding the undertakings in Article VII, submitted to Commonwealth governments a comprehensive proposal concerning post-war commercial policy. This proposal suggested the adoption of a multilateral commercial convention, embracing as many countries as possible, which would provide for (a) a ceiling on tariffs and the multilateral reduction of duties by an agreed formula, (b) a general scheme for reducing preferential margins, (c) the abolition of quantitative restrictions to trade except for certain specified and limited purposes, (d) the prohibition of export subsidies and export taxes, (e) the formulation of rules governing state trading, and (f) the establishment of an international institution to administer the convention.[38] This far-reaching and courageous proposition was discussed in London between experts of Commonwealth Governments in June 1943[39] and it was agreed that the United Kingdom should, on its own responsibility, submit the proposals for informal consideration to officials of the United States Government. This was done during the British-American exploratory Article VII conversations held in Washington during September and October last.[40] While many practical difficulties were foreseen, the general reception by United States experts was encouraging. This was significant in view of the reliance hitherto placed by the United States on the narrower and slower bilateral negotiations involved in the Hull trade agreements programme. Agreement on a precise formula for the multilateral lowering of tariffs and reduction of preferences was not attempted at that stage but an agreed British-American document was drawn up by the experts on the two sides in which the general provisions of the proposed commercial policy convention were further elaborated.

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[35]Ibid., document 575./Ibid., Document 575.
[36]Voir les documents 20-24./See Documents 20-24.
[37]Voir/See Horsefield, ed., *International Monetary Fund 1945-1965*. Volume III, pp. 128-35.
[38]Voir le volume 9, document 585./See Volume 9, Document 585.
[39]Ibid., document 605./Ibid., Document 605.
[40]Ibid., documents 606-608, 611./Ibid., Documents 606-608, 611.

In January last Canadian officials were invited to Washington to engage in exploratory discussions on Article VII subjects with United States representatives. The talks centred mainly on commercial policy. The Canadians strongly supported the multilateral approach and found the American officials prepared also to explore the proposal seriously. The conversations took for their agenda the agreed British-American document and an attempt was made to achieve progress through a preliminary examination of various specific possibilities for the reduction of tariffs and simultaneous modification of British Preferences. In this connection the effects of a 50% multilateral reduction in all duties, with a proviso that no duty need be reduced below 10%, was explored. While the United States representatives regarded such a cut to be drastic they were not unwilling to consider it. However, they maintained that a reduction of this magnitude, in order to give it a chance of political acceptance in the United States, must be accompanied by the virtual elimination of the preferential arrangements in the British Empire and Commonwealth countries. The Canadian officials suggested that the proposed 50% reduction should apply only to most-favoured-nation rates and not to British preferential rates so that in every case the preferential margin would be cut automatically by at least one-half and would be eliminated entirely in a large number of items accounting for more than half the Canadian trade. The Canadian group suggested further that if all bound preferential margins were unbound by an appropriate provision in the convention, additional reductions in preferences could be accomplished through supplementary trade agreements between the United States and Commonwealth countries. The only other alternative for the reduction of preferential margins would require the raising of preferential tariff rates — a procedure which was impossible of acceptance by Canada. The United States officials did not consider the above methods for the reduction of preferences to be adequate. The Canadians maintained that the British Preference could not be accepted as being more vicious than high tariffs and that reductions in preferential margins should be achieved through the general process of lowering duties. In the discussions in January and a subsequent discussion in February it was not possible to reach agreement on this matter between the two groups of officials and the question was left for further consideration.

Renewed informal conversations between Commonwealth officials on Article VII topics were held in London during February and March last. The British and Canadians reported on the results of their talks in Washington. The most important outcome of the discussions on commercial policy was the disagreement of Australia with many of the vital points of the proposed commercial policy convention and the noticeable narrowing of approach on the part of the United Kingdom. The Canadian representatives argued for a comprehensive and courageous approach on a wide international basis such as could enlist the essential adherence of the United States and would be adequate to the task of the rapid restoration of world trade and world prosperity after the war. The Australian officials felt that the objective of a significant multilateral reduction of tariffs which would involve an important

modification of the British Preference was in some respects misguided and in others not feasible for Australia. They placed greater emphasis on purely domestic policies for the attainment of full employment and preferred to negotiate a bilateral tariff agreement with the United States and the virtual full retention of the British Preferential system, or as much of it as they could hold after such a bilateral agreement. The British officials were prepared to support the adoption of a formula for a substantial multilateral reduction of tariffs, but they placed considerable emphasis on the preservation of the core of the British Preferential structure — a condition which has small chance of meeting the position of the United States. Furthermore, in view of their immediate post-war balance of payments and reconstruction problems, the British urged postponement of the application of some of the most important provisions of the proposed commercial policy convention. In particular, they wished to retain complete freedom, which would be open to other countries also, in the use of quantitative restrictions on imports for a period of five years after the end of hostilities. The views of the South African and New Zealand officials were generally closer to the Canadian than to the Australian, or in some cases the British, approach.

In the Anglo-American, Commonwealth and Canadian-American discussions officials have also explored in a preliminary way specific proposals for international arrangements regarding commodity policy, international investment, and cartels. The objective sought for commodity policy is the establishment of an international code to govern international commodity regulation schemes in the future. Worthwhile progress has been made in this direction and it is not likely that serious disagreement will arise. In matters of international investment and cartel policy the initiative has properly been left very largely to the United States. In the field of cartels United States officials have made some path-breaking proposals for the registration and publication of all private cartel agreements and for the prohibition of a list of what they regard as harmful cartel practices. United Kingdom officials have shown considerable reluctance to going along with these suggestions. Because of the importance attached to them by the United States and because they have some merit, Canadian representatives have urged that the proposals should be taken seriously and that an effort should be made to co-operate at least with respect to those aspects of the problem which clearly need attention.

In general, the exploratory discussions of post-war international economic policy began on a hopeful and courageous note and were based on a broad international approach. However, a number of important difficulties have been encountered, particularly in the vitally important field of commercial policy. It is not surprising that the Preferential system, the Sterling area arrangements and the very real problems of the United Kingdom and other European countries during the transition period following the close of hostilities, should constitute some of the principal difficulties. The task is to adapt and modify the special inter-Commonwealth and Empire structures respecting tariffs and currency matters so that they can be fitted into and make possible desirable arrangements on a broad international basis. Also, agreed action on a

comprehensive programme should be taken almost immediately following the end of the war before economic systems are reconstructed into the old molds and before vested interests have everywhere grown up. At the close of hostilities the situation will inevitably be fluid and thus constitutes a unique opportunity which will rapidly disappear. This is no less true in Canada than elsewhere. There will be risks but these will have to be taken if the large benefits are to be obtained.

The alternatives for Canada to timely action on a broad international basis are not attractive. Canada would have to look principally to special bilateral arrangements with the United States and the United Kingdom. In the case of the United Kingdom, unless an international arrangement for the full convertibility of currencies is agreed upon, Canada would have to cope for many years with the type of sterling exchange problem with which we have had to deal during the war. An attempt to reach a large-scale bilateral trade agreement with the United States is certain to face a major attack on our preferential tariffs. This attack would come upon us individually rather than be resolved as part of a general scheme and would very probably result in serious strains on our economic and perhaps political relations with the Commonwealth. In any case special arrangements with the United States and the United Kingdom will not give us, following the great expansion of Canadian industry during the war, the outlets which we will need in the important market of Continental Europe. In the circumstances of the Canadian position the greatest assurance of continuing prosperity, and harmony with both the United States and the Commonwealth, lies in the achievement of effective agreements on the widest possible international basis.

**50.** DEA/7-Js

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1070 London, May 7, 1944

SECRET. May 7th. Following for Wrong from Robertson, Begins: Consideration of questions of economic and financial policies will come up at tomorrow's meeting of Prime Ministers. The United Kingdom has circulated a very cautious and non-committal paper[1] summarising without endorsement the conclusions reached by the meeting of experts in March. Internal political divisions within the United Kingdom Government, which are not likely to be resolved during the next few months, make it unlikely that resumed conversations with United States officials could lead to concrete and useful results. This fact, plus coincidental approach of United States elections, makes me doubtful whether any advantage can be expected from a showdown on main questions of principle at this juncture. I am inclined to recommend a six months' hoist of negotiations and to oppose possible alternative suggested by the United

Kingdom that procedure followed in case of International Monetary Fund might be pursued with respect to proposed Commercial Convention. I feel progress in the field of commercial policy must involve Government responsibilities at each stage of negotiations and that interim publication of "Agreed Statement of Principles" — assuming such a document could be drafted — would probably be mischievous in its results. Ends.

**51.** DEA/7-Js

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 860 Ottawa, May 8, 1944

SECRET. Following for Robertson from Wrong, Begins: Reference your No.1070 May 7. Commercial policy proposals.

Deutsch and I have discussed your telegram with Clark, Mackintosh, McKinnon, and Master. We all agree with your view that in the circumstances it would be advisable to recommend a six month's hoist of negotiations and that it would not be wise to attempt to produce a "Statement of Principles" at the expert level. It is most unlikely that such a document could be prepared without guidance on important matters of policy from governments. A non-committal statement by experts would either be without content or reveal wide differences in attitude. Until a clear line of policy is formulated in the United Kingdom and the difficulties of the impending United States election are out of the way, further negotiations between these two parties are likely to be conducted with such caution and rigidity as to be pointless and harmful. However we feel, subject to your judgment of circumstances in London, that it is highly desirable to put forward vigorously and clearly to the United Kingdom authorities the Canadian view regarding a comprehensive international approach.

Do you consider that this will delay progress with Monetary Fund? It seems certain that United States suggestion that International Monetary Conference should be convened before party conventions is now impossible of adoption.

**52.** W.L.M.K./Vol. 322

*Extrait du procès-verbal d'une réunion des premiers ministres*
*Extract from Minutes of Meeting of Prime Ministers*

TOP SECRET London, May 8, 1944

P.M.M. (44) 8th Meeting.

MEETING OF PRIME MINISTERS

*Meeting held at 10 Downing Street, S.W.1,*
*on Monday, 8th May, 1944, at 5.30 p.m.*

MR. MACKENZIE KING said that he had already stated his views on the proposals for an international monetary fund in the Canadian House of Commons, at the time when he had tabled the draft principles for the fund as recommended by experts. The views he then expressed were the views he held to-day. He did not think he could do better than repeat to the present meeting the remarks he had made in the Canadian House of Commons. He had spoken as follows: —

"This statement of principles on international monetary relationships is conceived as part of a general plan of international economic co-operation which as a whole will have for its objects the progressive expansion of international trade, high levels of employment, improved standards of living, reasonable stability of prices and machinery for orderly exchange arrangements. The Canadian Government is thoroughly aware of the importance of establishing international monetary arrangements favourable to the expansion of trade and employment, and is keenly sympathetic with the particular objects to which this statement of principles is directed. It is equally anxious that common views should be reached on other parts, also, of a general plan of international economic co-operation, particularly on a reduction in the barriers to trade expansion, a reduction vital to Canada's welfare, and necessary if conditions favourable to stable monetary arrangements are to be achieved. The view which will ultimately be taken by the Canadian Government of any proposed monetary arrangement will be greatly, perhaps decisively, influenced by the progress which it is possible to make in achieving agreement on other aspects of international economic policy with which monetary arrangements are inseparably linked."

MR. MACKENZIE KING said that he had already expressed his views on the proposed international monetary fund, but the turn of the discussion was leading to examination of the second issue before the meeting, viz., Commercial Policy. His views on that subject were as follows: —

He did not think that the full employment and higher national income which Canada must seek to achieve could be secured within a restricted imperial trade system — nor could they be attained by a series of bilateral deals with individual countries.

For these reasons Canada was, he believed, strongly in favour of the widest development of international trade as soon as possible after the war.

Canada needed to expand her reciprocal trade with the countries of the Commonwealth, with the United States, and with Europe. For this reason Canada welcomed the multilateral approach to freer trade through a general commercial convention — to which all countries could adhere.

We should strive for a simultaneous reduction of protective tariffs and the removal of quantitative restrictions. At the same time we must be prepared to offer freer access to our own markets, in return for greater export opportunities.

In this effort we would require the active co-operation of the United States, which should be helped and induced to reverse her traditional commercial policies.

We must recognize that the United States tended to attach exaggerated importance to the elimination of Preferences in the field of commercial policy. Some of us were perhaps inclined — for different and complementary reasons — to attach a similarly exaggerated importance to their integral retention. He thought that we must face the fact that serious reductions in protective tariffs in other countries of the world must involve a corresponding reduction of tariff preferences.

In the discussion on foreign policy last week we had all been concerned about the possible spread of social disturbance after the war. He believed that the best way to check it was by co-operating in parallel policies designed to bring about full employment and higher real incomes for our people. This we could not do in national isolation nor within an Empire group. We needed to carry the other countries with us in these policies.

FIELD-MARSHAL SMUTS had spoken wisely of the importance we must all attach to the restoration of Western Europe. The difficulties in the way of a purely political solution of their problems were great. He believed they could be partly overcome if we were to offer them our economic co-operation in terms of generous reciprocity.

These problems were difficult and very complicated. Bold solutions involved risk-taking which we would all wish to avoid if we could. He felt, however, that postponement of new departures in the field of commercial policy until the end of a "transitional period," which he heard might be as long as five years, would be to accept defeat in advance. If we were to make a fresh start — our great opportunity would follow close on the end of hostilities. We should be prepared to seek it. If we waited, special interests in each of our countries — in Europe and in the United States, which have been subordinated to the pressing needs of a war economy, would assert their special claims. Each of us must inevitably face grave problems of industrial reconversion when hostilities end. He felt that these very difficulties would give us an immediate opportunity to build up our most efficient industries on firmer foundations than before. In so doing we could remove many causes of international friction and rivalry and make sure that the economic bases of a world security organization were securely laid.

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53. DEA/154s

*Mémorandum de l'adjoint spécial en temps de guerre au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Special Wartime Assistant to Under-Secretary of State for External Affairs*

[Ottawa,] August 22, 1944

POST-WAR COMMERCIAL POLICY

It is necessary to give early consideration to the Canadian attitude respecting post-war commercial policy in the light of the circumstances as they now exist. Up to the present the exploration of this vitally important matter has centred on a proposal for a substantial *multilateral* reduction of trade barriers over a wide area immediately after the war. An approach of this nature and scope was regarded desirable on the ground that the obstacles to trade as they existed in 1939 and extended during the war constitute such a tight and universal network of restriction that the rapid recovery of a large flow of world trade would be impossible without broad and far-reaching international action. The piece-meal method of negotiating bilateral trade agreements and bargaining on individual tariff items would be both inadequate in its results and too slow in encompassing a wide area of trade. The importance of an early application of such a multilateral program is stressed for the reason that the conditions governing the international interchange of goods must be established before the war economies everywhere are reconverted into the old molds after which the removal of restrictions would become extremely difficult.

However, the discussion of this multilateral proposal with officials of the United States and Commonwealth governments has brought out a number of practical difficulties which are serious obstacles in the way of any immediate action. The United Kingdom authorities have made it plain how far their external economic policies during the first few years following the end of hostilities will be dominated by the necessities of their balance of payments position. They estimate that over the first three post-war years they will need to increase their exports by the large sum of £750mm annually. The settlements they will be able to make regarding the huge sterling debt will, under the best circumstances, impose a considerable burden. They estimate that in addition the United Kingdom will have to obtain credits from abroad to the neighborhood of £1,000mm during the immediate post-war years. In view of this situation the United Kimgdom authorities do not feel that they can enter into commitments to abandon, or to limit their freedom in the use of, quantitative restrictions on trade for at least three, and more probably five, years after the end of hostilities. Furthermore, until they see their way more clearly regarding the extent to which their export and credit requirements will be met they do not wish to accept undertakings regarding the non-discriminatory use of such restrictions. Problems similar to those faced by the United Kingdom will exist during the transition period in many of the countries in continental Europe and they are likely to take the same attitude.

The proposed multilateral convention calling for a substantial reduction of tariffs and the abolition, except for specified and agreed purposes, of quantitative restrictions encounters obstacles also in the case of undeveloped countries such as India which intend to use protectionist devices to industrialize their economies. It would be difficult to avoid making important concessions in this regard. Australia, where high protection is a large factor in national policy, has stated its opposition to the suggested provisions of the multilateral proposal.

On a realistic appraisal it would seem that a multilateral convention could not be concluded unless it contained important exceptions and concessions to take care of the national aspiration of various countries and the genuine post-war transitiional difficulties of others. The exceptions and the delays are likely to be such that it would be very optimistic to hope that the convention would be acceptable to the United States Congress, and for that matter to the Canadian Parliament. The United States on the other hand will ask for the virtual abolition of the British Preference — a field in which the United Kingdom would make modifications but is not prepared to abandon except at a price which would involve difficult and protracted bargaining.

In short, it appears that it would take a considerable time to negotiate an effective multilateral convention of the kind that has been proposed. Furthermore, it seems highly improbable that the really significant provisions of such a convention could be brought into operation much short of five years after the end of hostilities.

We must therefore consider whether we should continue to concentrate our efforts on promoting a multilateral convention in spite of the probable delays or whether we should seek some other alternative which has promise of more immediate although more limited results. The arguments for some early action are very strong. There is no need to emphasize again that the large-scale re-conversion of industry and re-allocation of labour which must be undertaken immediately after the war is a unique and most opportune time to re-establish the economies of the world into a basis of large and expanding international trade. More specifically, the speed with which the serious difficulties and widespread repercussions caused by the weak balance of payments position of the United Kingdom and many of the liberated countries of Europe can be overcome will, to an important degree, depend on the extent and rapidity with which the exports from these countries can be increased beyond their pre-war levels. In Canada, where the wartime distortion of industry is as great as anywhere, it will be extremely important to have a definite and early indication of the role of international trade in the post-war period. If there is continued uncertainty as to whether adequate outlets can be found in export trade, whether we will be forced to become more self-sufficient, or whether protection to domestic producers is to be increased or reduced, the task of planning for a prosperous peace-time economy in Canada will be little short of hopeless for both private industry and governments. Furthermore, Canada will have some important balance of payments problems of her own. To what extent should exports to the sterling area continue to be fostered on the basis of credit and in

exchange for currency we cannot use, or should policies be adopted which would lessen the dependence on these markets? If a shortage of United States dollars should develop — a possibility which is not unreal — should imports from the United States be restricted or should we borrow in the United States in the hope that we might be able to use the proceeds of our sterling exports in the not too distant future? If four or five years must intervene before we can have answers to these uncertainties, it will be extremely unpleasant. We must explore every possibility of obtaining some of the more important answers in the next six or twelve months.

During the transition period the trade policy of the creditor countries — particularly the United States — is the crucial factor. The world supply of United States and Canadian dollars will be an important determinant of the pace of reconstruction in Europe and Asia and of the nature of the longer-run import and export policies which the countries in these areas will seek to adopt. Consequently some method must be found whereby an effective reduction in the trade barriers of the United States (and Canada) can be brought into operation not at the end of the transition period but at the beginning. How might such speedy action be achieved?

In the United States the most immediate instrument at hand is the Reciprocal Trade Agreements Act. During the early part of the war negotiations for a new United Kingdom-United States agreement under this Act had been nearly completed. Australia, New Zealand and South Africa had made considerable progress in negotiating agreements with the United States. These negotiations were suspended in 1940 in anticipation of the coming into force of Lend-Lease. As a first step, it would seem that these negotiations should now be resumed. In view of the progress already made it should be possible to complete them without too much delay. In this way the conditions of trade in an important sector of international commerce could be improved fairly quickly, and the exchange position of the whole sterling area strengthened.

The conclusion of such arrangements would be generally helpful but they would not meet the requirements of the situation as far as Europe is concerned. However, an attempt to negotiate bilateral trade agreements between the United States and a considerable number of countries would be a long drawn-out procedure. In the case of Canada something which will bring substantial and direct results is required. The possibilities under the Reciprocal Trade Agreements Act have been very largely exhausted in the Canadian-American agreements of 1935 and 1938.[41] A further significant reduction of trade barriers between Canada and the United States would, under existing United States legislation, call for the conclusion of an agreement which would require the approval of the United States Congress. Because of the lack of a better alternative which could promise early results, the possibility and probable scope of a Canadian-American agreement of this character should be fully

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[41] Voir le volume 5, documents 170-71, 174-84; le volume 6, documents 439-62.
See Volume 5, Documents 170-71, 174-84; Volume 6, Documents 439-62.

explored. Owing to the very close and successful co-operation between the two countries during the war and the generally favourable attitude towards Canada in the United States there is a good possibility that an objective of this kind is not a forlorn hope. The aim of such an agreement should be to obtain a comprehensive reduction of duties both as between the two countries directly and in the barriers which each maintains against the rest of the world. In other words, reductions in barriers would be sought not only on items which are of leading importance in the trade between Canada and the United States but also on as many as possible of a wide variety of items important in world trade generally which would be extended to all countries by means of a "most-favoured-nation" clause.

The conclusion of an arrangement of this nature which would go into effect at an early date would be a realistic and substantial contribution by the two leading creditor nations to the reconstruction of world trade and of healthy international economic relations as a whole. Furthermore it would not be altruistic, it would be very much in their own best interests. As far as Canada is concerned we would have to be careful that the increased trade with the United States resulting from the adjustment of tariffs would not impair our United States exchange position. In fact, one important objective would be to try to improve it. Indirectly, the Canadian exchange position should benefit. If countries in Europe and elsewhere get greater access to the United States market they will have more United States dollars which they could use to pay for imports from Canada.

These proposals are, of course, open to various objections and are not free from difficulties. One important objection that can be made is that if the benefits from the lower duties in a Canadian-American agreement are extended to all countries through a "most-favoured-nation" clause then concessions will have been given without the receipt of reciprocal benefits and bargaining power will have been thrown away. This factor, however, would not have much significance during the transitional period immediately after the war. During this period the controlling influence on the amount of goods purchased from North America by European and many other countries will not lie in the import barriers as such, but in the supply of United States and Canadian exchange which they are able to obtain. There will be a great shortage of goods and materials in the war damaged countries. The more quickly they are able to get the necessary exchange the more quickly they will be able to buy the goods needed to restore their economies, strengthen their balance of payments position and participate freely in a more liberal system of international trade. However, as a precaution, the generalization of benefits under the "most-favoured-nation" clause should not be unlimited as to time. The benefits might be extended generally during an appropriate transitional period of four or five years after which they would be subject to withdrawal. After that the benefits could be withdrawn by either party to the agreement in cases where countries discriminate against either Canada or the United States or follow policies prejudicial to international trade. In this way the bargaining

position would be protected and a powerful instrument provided for promoting desirable international economic relations.

Another objection that can be made is that Canada, in attempting to obtain a comprehensive trade agreement with the United States, will face a strong onslaught on the British Preferential system. However, this problem will come up in any general effort to reduce trade barriers in which Canada and the United States participate. The problem cannot be avoided, it can only be postponed at the price of inaction.

These proposals, namely the resumption of trade agreement negotiations between the United States and the United Kingdom, Australia, South Africa and New Zealand and the conclusion of a comprehensive Canadian-American agreement, are presented as a possible method for securing important reductions in trade barriers in a large area of world trade at a time sufficiently early to be a significant factor in the reconstruction of the world economy along lines which are desirable in the Canadian as well as the general interest. The suggestions are made with the thought that they might merit further exploration.

J. D[EUTSCH]

**54.** DEA/154s

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[c. August, 1944]

POST-WAR COMMERCIAL POLICIES

1. There appears to be some danger of discussions on this subject taking the form of bargaining and of policies being pursued during the transitional period which will be very hard to arrest.

2. It is suggested that we should keep two principles before us:

(a) The normal period for which plans should be made should be thought of as one in which the income of mankind is to be brought up [to] the highest possible point and, therefore, as one in which there must be full employment of human and material resources and of which full advantage must be taken of any specialization which will give effect to comparative advantages in production.

(b) The transitional period should not be merely a period during which exceptional action may be taken which may conflict with the guiding principles in the normal period but should be a period in which we prepare ourselves for the conditions of the later period.

3. If discussion can be guided by these two principles, several consequences would follow:

(a) Less emphasis, or perhaps no emphasis at all, will be placed on undertakings such as those in the Lend-Lease Agreement exacted by one country from another.

(b) We should not think of reductions in one tariff being a sort of *quid pro quo* for reductions in another tariff, but those tariffs would be brought under review which constituted obstacles to full employment or specialization.

(c) Special consideration might be given to the need for exports of countries which are relying on export trade not merely as a means of obtaining full employment for their citizens but primarily as a means of paying for debts and of procuring the imports which they need. Exports are not the only means of ensuring full employment but they are the only means of paying debts.

(d) Tariffs which were essential in order to diminish reliance on imports by countries which found difficulty in meeting their debts and paying for their imports would, on the other hand, be viewed much more tolerantly.

(e) Some bilateral or barter agreements might even be considered as desirable in the general interest, though if they interfered seriously with full employment and specialization they would be condemned just as strongly as they are now condemned by those who denounce bilateral trade as such.

(f) The type of approach which has been indicated would concentrate attention on the real objectives of international trade and not on the rules of the game or on specific undertakings. It would, therefore, to some extent reverse the burden of proof and place those countries in the position of having to apologize for their policies which were promoting any measures hostile to full employment and specialization. A country would not be drawn to say "We have promised to reduce trade barriers but cannot do so because of special conditions which we did not foresee or to which we did not give adequate weight," but a country might have to say "We asked for undertakings and enunciated policies which will not conduce to international objections for nations which have the welfare of humanity at heart."

(g) Any restrictions which it might be sought to impose on security grounds or to satisfy political pressures would naturally be subjected to the most severe scrutiny.

(h) Finally the transitional period would have to be viewed as one in which planning was of supreme importance in order to facilitate the emergence of the normal period. It would not be a period during which concessions would be made to political pressures with impunity but a period during which political pressures would have to be encountered with resolution.

Is our rigidly practical, *ad hoc*, approach to these questions really justifying itself?[42]

H. W[RONG]

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[42]La dernière phrase était écrite à la main.
The last sentence was handwritten.

55. DEA/6892-40

*Le haut commissaire en Australie*
*au sous-secrétaire d'État aux Affaires extérieures*

*High Commissioner in Australia*
*to Under-Secretary of State for External Affairs*

Ottawa, September 14, 1944

Dear Mr. Robertson,

You and the members of your Department will already be quite familiar, both through despatches[1] which I have sent to you and the position taken by Australian officials at recent international conferences, with the importance which the Australian Government attaches to securing an international agreement pledging countries to pursue policies of full employment and rising living standards, as a basic approach to all international economic collaboration. I believe that the attitude of the Canadian Government and its economic advisers is rather different.

I think that you consider that the freeing of international trade will, itself, promote high levels of employment and real income, and that the removal of obstacles to international trade must not await the achievement of something approaching full employment through domestic measures in each country.

Whatever your position on this subject, I think it will be very helpful to me if you could send me a statement indicating the Canadian attitude to the policy consistently advocated here that the approach to international economic relations must be through domestic full employment.

Yours faithfully,

T. C. DAVIS

56. DEA/6892-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Australie*

*Under-Secretary of State for External Affairs*
*to High Commissioner in Australia*

CONFIDENTIAL Ottawa, October 10, 1944

Dear Mr. Davis,

I am referring to your letter of September 14th in which you ask about the Canadian views concerning the importance attached by the Australian Government to securing an international agreement pledging countries to pursue policies of full employment. At various international conferences the representatives of Australia have advanced the view that their Government, and indeed all Governments, will have to provide for the full employment of their people. This will be a political necessity as well as economic good sense. They further argue that international trade flourishes and that it is politically

possible to lower tariffs and to remove other trade barriers when full employment and general prosperity exist. Unemployment, they say, gives rise to trade barriers.

As against this position in its extreme form it can be contended that a country which uses trade barriers to secure full employment builds up a number of vested interests which could not withstand the impact of foreign competition. In order to maintain this unsound economic structure, it may then find itself compelled to continue to restrict trade. It would obviously be preferable if full employment could be attained in the face of international competition which would prevent the creation and growth of uneconomic industries.

At some conferences, for instance the Food Conference, the Australian representatives have objected to limiting protection to suitable industries. The representatives of India took a similar line. It seems to follow that the Australian objective is not merely full employment but also some degree of diversification in industry even if the effect is to reduce the general level of prosperity.

With this introduction I may quote from a memorandum prepared in the Department of Finance concerning the Australian position at recent conferences:

"The Australian proposal for an international agreement on full employment policy was brought up in London discussions of February-March, 1944. It was at first suggested that under it a country would agree to pursue policies of full employment, furnish statistics of employment to an international body and participate in a conference of senior officials when serious unemployment threatens, and that it would be free to urge that unemployment developing in other countries (e.g., U.S.) prevented it from adhering to its obligations under any monetary agreement, commercial agreement, et cetera. The last part of the proposal was quickly withdrawn. In its amended form, Canadian officials gave moderate support to the proposal. They questioned whether a pledge to other governments to maintain full employment was more binding than a pledge to one's own people. They refused to recognize any priority of the employment proposal over monetary and trade proposals, and refused to consider making other agreements contingent on the employment agreement.

A similar proposal was made at the I.L.O. meeting in Philadelphia, but I am not aware that Canadian delegates took any strong stand. The U.S. was strongly opposed to it.

A resolution was moved at Bretton Woods to the effect that countries should be invited to sign the employment agreement at the same time they signed the monetary agreement. Canadian delegates again stated that they had no objection to the Australian proposal as such though they thought it could well be combined with a resolution on international trade and other matters. They did object, however, to any suggestion that signature of the monetary agreement should be contingent on signature of the employment agreement, and argued that this was implied in the invitation to sign simultaneously. They

were unable to avoid the conclusion that the chief purpose of the Australian proposal was to provide Australia with an excuse for renouncing other agreements if a depression developed after the war. In other words, Australia would qualify her acceptance of obligations under all economic agreements. They were careful, however, to avoid opposing the substance of the Australian proposal.

The United States registered very strong opposition to the Australian proposal. They recognized the same objections that Canada had raised, but their chief objection was political. Such an agreement in their view would brand Bretton Woods as a New Deal enterprise, and jeopardize the chances of Congressional approval."

The Australian doctrine of full employment, if ruthlessly applied, might place processing countries, such as the United Kingdom and Japan, in an almost impossible position since they must import and pay for raw materials and foodstuffs. At one remove, therefore, the Australian policy would be awkward for countries including Australia herself which rely on being able to sell primary products to processing countries. It, therefore, seems unlikely to us that there is any reason to expect that a ruthless or doctrinaire application will be given to the Australian policy. It serves as a theoretical defence against a demand for the removal of trade barriers and the reduction of tariffs. It has a strong basis in the fact that, if full employment cannot be attained consistently with a high level of international trade, the political demands for protective measures are likely sooner or later to become irresistible. It is, however, in our view a dangerous doctrine if it is used to prevent or to handicap an effort to secure full employment together with international specialization.

Yours sincerely,

N. A. ROBERTSON

**57.** DEA/6892-40

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 125 London, January 20, 1945

IMMEDIATE. SECRET. Addressed Canada and Union of South Africa, repeated to Australia and New Zealand and His Majesty's Ambassador, Washington.

During Article VII discussions with Dominion officials in London in March, 1944, it was agreed, subject to approval of Ministers, that Australian draft of an International Employment Agreement, as amended, should be put forward to United States authorities as an essential and central part of arrangements for implementing Article VII of the Mutual Aid Agreement and the Atlantic Charter. Subsequently, matter was raised by Australian delegation in Philadelphia at I.L.O. Conference which, although it did not accept proposal that Conference should recommend Governments to enter into undertakings on lines of Australian draft agreement, passed resolution recommending to Governments that, in association with Governing Body of I.L.O., a Conference

of Government representatives should be called at an early date to consider an International Agreement on domestic policies of employment and unemployment. Australian Draft Agreement was also tabled at International Monetary Conference at Bretton Woods, but was held to be outside terms of reference of that Conference which confined itself to recommending to Governments that they should reach agreement as soon as possible on ways and means whereby they may best facilitate by cooperative effort, harmonization of national policies of Member States designed to promote and maintain high levels of employment and progressively rising standards of living, which, [*sic*] towards end of last year, Government of Australia suggested to us that joint approach should be made by them, New Zealand Government and United Kingdom Government to United States Government to ask whether they would join in calling an Employment Conference or would attend such a Conference if called. Text, which Australian Government have subsequently suggested should be used as basis for this joint approach and with which we are in general agreement, is contained in a following telegram.†

3. We have fully in mind that the subject is one which falls within field of Article VII discussions, but in our view this need not preclude the calling of a separate Conference to consider it and, in view of great importance attached by Australian and New Zealand Governments to the holding of such a Conference, we have agreed to support their proposal. Accordingly, we are instructing United Kingdom Ambassador in Washington to concert with his Australian and New Zealand colleagues with a view to joint approach being made to United States Government in the near future. If United States reaction to this approach is favourable, we intend to suggest as next step that discussions should be held between officials of the four Governments regarding agenda, scope and objective of the Conference in order that ground may be carefully prepared before invitations to Conference are issued. Arrangements would, of course, be made for keeping in touch with other Commonwealth Governments during these discussions. We should also propose that Russian, French, Chinese and perhaps other Governments should be informed of proposal to hold Conference prior to any public announcement.

4. In meantime, question of action to be taken to implement I.L.O. resolution referred to above is coming up for consideration at meeting of Governing Body of I.L.O. and its Employment Committee now being held in London. At this meeting we are taking the line that Employment Committee might usefully consider manner and extent to which Governing Body of I.L.O. would wish to be associated with any Intergovernmental Employment Conference that may be called. We do not intend to mention at this meeting the contemplated approach to United States Government.

5. We associate ourselves with the hope of the Australian and New Zealand Government that course of action proposed above will commend itself to Governments of Canada and Union of South Africa and that they will be prepared to give their active support to attempts to press forward with the project for an International Employment Conference. Grateful if any comments you may have at this stage could be telegraphed to us and repeated

to Australia and New Zealand at an early date. On assumption that you will see no objection to the proposals, our aim would be that joint approach should be made on January 29th.

**58.** DEA/6892-40

*Le deuxième secrétaire, le haut commissariat en Grande-Bretagne au sous-secrétaire d'État associé aux Affaires extérieures*

*Second Secretary, High Commission in Great Britain to Associate Under-Secretary of State for External Affairs*

SECRET January 23, 1945

Dear Mr. Wrong,

I was interested to read Dominions Office telegram No. 125 of January 20th addressed to Canada and South Africa, reporting plans for an International Conference to discuss the Australian draft of an International Employment Agreement.

The United Kingdom Government has apparently agreed to concert with the Australian and New Zealand Governments in an approach to the United States Government in the near future. I should be interested to know whether the Australian Government at any time asked the support of the Canadian Government in such an approach.

Australian methods of Commonwealth co-operation are interesting to study. In spite of their anxiety to achieve more formal methods of communication, it has seemed to me that their chief policy is to consult members of the Commonwealth other than Great Britain much less frequently than is the custom of the Canadian Government. It may very well be, of course, that our economic authorities had in an informal way made it clear to the Australians that we were not in sympathy with their proposals. My impression has been, however, that although we have been very cautious about the rather sweeping Australian proposals on the subject of full employment we have not taken a definite stand against them at international conferences. Perhaps the discussions over the Mutual Aid Agreement[43] led the Australians to consider us unfriendly on this subject. There seems a possibility that Australia is going to consider Commonwealth collaboration only in terms of New Zealand and the United Kingdom. You may, of course, be perfectly happy to be left out of this approach, and I dare say that you are not considering a resentful note to Canberra. Nevertheless, these events may prove to be useful for reference if Australia again revives her plans for greater co-operation and co-ordination of policy.

Yours sincerely,

J. W. HOLMES

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[43]Voir le volume 10, documents 4-1-57.
See Volume 10, Documents 4-1-57.

**59.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

SECRET [Ottawa,] January 24, 1945

. . .

INTERNATIONAL EMPLOYMENT AGREEMENT;
AUSTRALIA-NEW ZEALAND PROPOSALS

4. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS reported that, at the instance of the government of Australia, the U.K. government had agreed to associate themselves in a joint approach to the U.S. government in proposing an early conference with the object of concluding an "international employment agreement."

It was argued in the text to be used in submitting the proposal to the United States that the achievement of a high and stable level of employment in all countries was one of the main objectives of international co-operation and that agreement upon fundamental conditions in this field was a necessary complement to agreements already negotiated upon other classes of subjects.

The hope had been expressed that Canada and South Africa would be prepared to give active support to the project and our comments had been requested.

(Telegrams, Dominions Office to External Affairs, Circ. D. 125 and No. 14,† Jan. 20, 1945).

5. MR. ROBERTSON read and commented upon the Australian government's proposed note to the United States.

Australian representatives on other occasions had taken the view that arrangements for full employment should take priority over international commercial agreements. So far, the United Kingdom and the United States had been inclined to agree with the Canadian viewpoint that employment questions were dependent, in large measure, upon satisfactory understandings for the removal of trade barriers and that efforts in this direction should receive first attention.

It was to be feared that the Australian proposal might raise hopes yet have little practical effect, and that it might result in a setback to more important multilateral commercial agreements.

Canada could not very well oppose such a meeting, the general objectives of which, as stated, being unexceptionable, but if the conference were to take place, it should be made quite clear that the prior achievement of full employment should not be a prerequisite to the removal of tariffs and trade restrictions.

6. THE PRIME MINISTER questioned the desirability of holding another international conference at this stage of the war. It would constitute an

untimely distraction from the main task, and with little likelihood of achieving results of practical value.

There was a danger, too, that an international conference on this subject would be taken as a way of escape from essential collaboration in the freeing of international trade.

7. THE ASSOCIATE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS referred to the difficulties which the government had encountered in concluding a Mutual Aid Agreement with Australia.

In this connection it would be important, in any international agreement on the subject, to guard against the implication that full employment must be achieved before effective national action could be taken toward the freeing of international trade.

8. THE MINISTER OF JUSTICE was apprehensive as to possible isolationist implications which might be read into an international agreement on employment.

It should be remembered that a substantial proportion of Canadian manpower was engaged in occupations dependent upon exports. Full employment in Canada was inextricably linked with the maintenance of a full measure of international trade.

9. THE WAR COMMITTEE, after further discussion, agreed that the Under-Secretary of State for External Affairs prepare a draft telegram to the U.K. government based upon the foregoing discussion.[44]

**60.** DEA/6892-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au deuxième secrétaire, le haut commissariat en Grande-Bretagne*

*Associate Under-Secretary of State for External Affairs to Second Secretary, High Commission in Great Britain*

SECRET Ottawa, March 10, 1945

Dear Mr. Holmes,

You wrote to me on January 23rd about the Australian proposal for an international conference on full employment policies. The only word that we have received on this subject since the two Dominions Office telegrams of January 20th, apart from your despatch A-39 of February 12th,[1] has been a telegram of February 3rd[1] from the High Commissioner in Canberra. In this Mr. Davis reported that he had heard that officials of the United Kingdom, Australian and New Zealand missions in Washington made a joint approach to Mr. Clayton, the Assistant Secretary of State, at which Mr. Clayton indicated distinctly that he did not favour such a conference and promised a furnish a reply in writing later on.

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[44]Aucun télégramme ne fut trouvé./No telegram was located.

Mr. Davis added that the Australian official most concerned with the matter was very annoyed at the way in which it had been handled since the heads of the three diplomatic missions did not themselves make the approach which was addressed to Mr. Clayton at a time when both the President and the Secretary of State were in Washington.

We have not ourselves expressed any view to the Australian Government on their proposal nor have we indicated that we should object to a conference on employment policies. At various international discussions at which the question had been raised by the Australians (including the talks in London a year ago, the International Labour Conference at Philadelphia and the Bretton Woods meeting), I think that the Canadian representatives have confined themselves to pointing out that it was impossible to consider employment policies in isolation and that progress should be made simultaneously in dealing with commercial and financial international cooperation.

I think that you are right in suggesting that we are happy to have been omitted from the recent approach in Washington. As you point out, the lack of consultation with us is something to keep in mind for possible use in other connections.

Yours sincerely,

H. H. WRONG

**61.** DEA/200s

*Rapport du département d'État des États-Unis sur les Discussions informelles au sujet de la politique commerciale*

*Report by Department of State of United States on Informal Discussions on Commercial Policy*

SECRET [Ottawa, n.d.]

INFORMAL DISCUSSIONS ON COMMERCIAL POLICY
BETWEEN OFFICIALS OF THE CANADIAN GOVERNMENT
AND OFFICERS OF THE DEPARTMENT OF STATE

The following persons participated in these discussions:

| *Canada* | *United States* |
|---|---|
| Mr. Norman Robertson, Undersecretary of State for External Affairs | Mr. Stinebower, ITP[45] |
| Mr. Hector McKinnon, Chairman of the Tariff Board American Embassy at Ottawa | Mr. Marks, A-A[46] |
| | Mr. Leddy, CP[47] |

[45]Bureau de la politique commerciale internationale, département d'État.
Office of International Trade Policy, Department of State.
[46]Bureau du secrétaire d'État adjoint Acheson.
Office of Assistant Secretary of State Acheson.
[47]Direction de la politique commerciale, département d'État.
Division of Commercial Policy, Department of State.

*Canada*

Mr. William A. Mackintosh,
Acting Deputy Minister of Finance

Mr. John Deutsch,
Department of External Affairs

Mr. Hubert Kemp,
Wartime Prices and Trade Board

*United States*

Mr. Homer S. Fox,
American Embassy at Ottawa

These discussions took place at the hotel Chateau Laurier, in Ottawa, on July 14 and 15, 1945. They were held for the purpose of exploring further the various methods of implementing tariff reductions in connection with the proposed multilateral agreement on commercial policy. The discussions were arranged at an earlier meeting between Canadian and American officials which took place in Washington on July 9 (see memorandum of July 9, 1945,[1] summarizing the results of this meeting).

Mr. Robertson opened the discussion. He said that before going into the details of the various methods of selective tariff reduction he wished to make clear the Canadian view regarding the proposal for the horizontal reduction of all duties by a uniform percentage. He said that the Canadians were deeply disappointed and dismayed by the change in the American position which, prior to the passage of the Trade Agreements Act, had seemed tentatively to favor the proposal for horizontal tariff reduction. He recognized that difficulties had been created by the Trade Agreements Act but felt that they might not be insuperable. With regard to selective methods of tariff reduction he expressed the view that any selective method would be "hopelessly inadequate" to the needs. He thought that failure to go forward with the horizontal cut would mean the loss of three great advantages:

1. *Timing.* Of all times the present offers the best chance of effecting substantial trade-barrier reduction in all the major trading countries. Because of economic dislocation in Europe and reconversion in other areas, production and trade are in a state of flux. This would be the psychological moment, here and elsewhere, for bold action. If the selective method is adopted this opportunity would be lost.

2. *Preferences.* Horizontal tariff reduction would have substantially solved the problem of preferences, which is certain to be the most difficult problem from the viewpoint of the United States. There is no hope for any really substantial action on preferences under the selective method of tariff reduction. Moreover, under the selective method, the United States would have to pay more for what it gets. Finally, preferences cannot be handled at all by a purely bilateral approach. Since the protection afforded under a preferential system extends to foreign as well as home industries they must be attacked by dealing with several countries at once. Selective tariff negotiations involving several countries are complicated and slow.

3. *Compulsion of outsiders.* Under the plan for horizontal tariff reduction it would have been possible to compel reluctant countries to participate in the plan by threatening to withhold the tariff benefits if they did not participate. This would have been politically feasible internationally because the

requirements under the plan for a horizontal tariff cut would be equitable, simple, and easily understandable. Any selective method of tariff reduction would be complicated and to some extent inequitable via-à-vis outsiders and could not well be used as a weapon to force them in.

Because of the great advantages of, and need for, tariff reduction by the horizontal method, Mr. Robertson said that the Canadians had been wondering whether there was not some way to overcome the obstacles to the adoption of that method which had been created by the Trade Agreements Act. What appeared to be needed was an opportunity to take the matter up with Congress. Such an opportunity might be created, he thought, if other countries would take the lead and come out with the plan for horizontal tariff reduction. Or perhaps an opportunity would exist if the United States and Canada should endeavour to negotiate a trade agreement and if, because of the great difficulty Canada would have in granting us certain key concessions involving preferential protection to third countries (e.g. raisins, coal, tinplate, and fruits), the negotiations should fail. With regard to the question of other countries taking the lead, Mr. Robertson remarked that Mr. Clayton had appeared to think there were possibilities in this suggestion when it was originally put forward at the July 9 meeting in Washington.

In response to the foregoing it was stated on the American side that, as Mr. Clayton had indicated, the door was not completely closed to consideration or discussion of the horizontal tariff formula in the event other methods should fail. Nevertheless, both Mr. Acheson and Mr. Clayton were firmly convinced that, even apart from considerations growing out of the increased trade-agreements authority, legislative approval of the plan for horizontal tariff reduction could not be obtained and that it would be virtually useless to make the attempt. It was stated also that although other countries would of course be free to take the lead if they desired to do so, an initial approach by other countries might do more harm than good since Congress might feel that an effort was being made to put something over on the United States. If there was to be any approach to Congress at all, it would seem preferable as a first step for the Administration to talk directly and frankly with the congressional leaders. As to the possibility of creating an opportunity through an arranged failure of trade-agreement negotiations, this seemed clearly out of the question. In short, the obstacles in the United States to adoption of the horizontal plan were very formidable and the chances of its ultimate acceptance by our Congress were remote. On the other hand the United States was fully prepared to make substantial tariff reductions on a selective basis and had the ability to make such reductions effective under the increased authority in the Trade Agreements Act. It would be extremely unfortunate if we should neglect to grasp this opportunity to make substantial progress in the trade-barrier field in a vain effort to obtain an ideal solution.

Mr. Robertson then said that although the United States might be able to deliver selective tariff reductions, this did not mean much since the selective method was clearly inadequate to meet the requirements. It would be better to take even a long chance on an adequate plan, such as the horizontal approach.

Trial of the horizontal approach would be desirable in any event, since even its failure would have good results in stimulating countries to carry through a selective approach more vigorously.

In response to a question, Mr. Robertson expressed the view that failure of the United States to sponsor the plan for horizontal tariff reduction from the beginning would not be fatal to its success provided that the United States finally came along. He admitted, however, that the absence of vigorous initial support by the United States would weaken the effort vis-à-vis other countries.

The foregoing discussion occupied Saturday morning, July 14. Saturday afternoon and Sunday afternoon were devoted primarily to an examination of the various selective methods of tariff reduction:

1. *Reduction of the over-all* ad valorem *equivalent of the tariff.* It was explained by the American group that under this proposal each country would, in addition to accepting provisions regarding non-tariff trade barriers (e.g. abolition of quotas), agree to make such selective tariff reductions as would bring down the over-all *ad valorem* equivalent of its tariff by an agreed percentage, low duties (say rates of 10%) being disregarded for this purpose. Under this proposal the United States procedure would be (a) to issue a unilateral statement, or "White Paper," outlining the whole plan and calling for an international trade conference to discuss it, and (b) simultaneously with the issuance of the unilateral statement, to hold public hearings under the Trade Agreements Act on approximately 500-800 tariff items on which the United States would consider granting concessions to the other participating countries, as a group. After the hearings had been held, the United States would be in a position to state, at the international trade conference, the particular percentage of over-all tariff reduction which it would be prepared to support. In effecting the over-all reduction of its tariff each country would be free to decide what individual tariff reductions should be made, that is, particular tariff reductions would not be subjected to the bargaining process.

The advantages of the foregoing proposal, it was stated by the American group, were: (a) it would affect tariff reductions rapidly, and (b) since it would provide certainty as to the general extent of tariff reduction, it might make it possible to obtain firm commitments for the abolition of quotas and the removal or relaxation of other non-tariff trade barriers.

In presenting the foregoing proposal, the American group stated that although no final decision had been reached on the point, Mr. Acheson had expressed serious doubt that the plan could be effected under the Trade Agreements Act.

Apart from the doubt raised as to whether the United States could carry through on the plan for reduction of the over-all *ad valorem* equivalent of the tariff, the Canadian group felt that there were several objections to it:

(a) If each participating country were free to select the items for tariff reductions, other participating countries would have no assurance that individual items important in their export trade would be benefited. The only way to provide such assurance would be to negotiate the reductions. It would

be extremely difficult, and probably impossible, to carry on such negotiations multilaterally.

(b) The plan would have some of the drawbacks of unilateral tariff reduction, i.e. each government would have to bear the whole responsibility for determining the individual reductions in its tariff and could not defend any particular reduction on the ground that it was essential to a bargain with foreign countries.

(c) The application of the tariff formula would be full of technical problems. The existence in the tariffs of several nations of seasonal rates of duty, tariff quotas, and other devices would make it difficult to determine how to weight statistically the contribution to the general lowering of the tariff or reductions on items affected by such devices.

2. *Proposal for selective tariff reduction by a "substantial amount."* This proposal was presented by the American group as being substantially the same as proposal 1, above, with certain modifications designed to remove any question as to its feasibility under the Trade Agreements Act. Under this proposal, the tariff section of the "white paper" to be issued by the United States would merely call for tariff reduction by a "substantial amount." The international conference would be called and agreement would be reached on the non-tariff provisions conditionally upon the completion of "substantial" tariff reduction. The United States would then hold hearings under the Trade Agreements Act, on the basis of which it would formulate a schedule of tariff concessions to be offered to all other countries as a group, conditional upon the offer by each of the other countries of a schedule containing equivalent tariff concessions. Such schedules would be considered equivalent if they reduced the over-all *ad valorem* equivalent of the tariff by the same percentage i.e. each country's tariff by the same percentage, i.e. each country's tariff would be uniformly reduced by say 25 percent, on the average.

The Canadian view was that proposal 2 would be impracticable since the precise extent of tariff reduction would not be known at the time that conditional agreement was reached on the non-tariff provisions. Countries utilizing primarily non-tariff controls would be inclined to take the position that the extent of tariff reduction which finally emerged in the schedules, whatever that might be, was not "substantial" enough to justify carrying out the conditional agreement reached earlier on the non-tariff barriers. This would involve endless argument and negotiation and would probably require the holding of another conference.

3. *Proposal for bilateral offers of tariff reductions by the United States precedent to a multilateral agreement on tariffs and non-tariff trade barriers.* This proposal was presented by the American group as an approach which would be practicable under the Trade Agreements Act and which would assure other countries, at the time their agreement is sought on the abolition of quotas and the removal or relaxation of other non-tariff trade barriers, of the extent to which the United States would be willing to reduce its tariff. Under this proposal, the procedure for issuing a "white paper" and calling an international conference would be the same as in 2, above. However, at the time of issuance

of the "white paper," the United States would issue public notice of intention to negotiate bilateral tariff agreements with a number of foreign countries, including the major British countries. By the time the conference was ready to convene, the United States would have made definite offers of substantial tariff reductions to be incorporated in bilateral agreements with the countries for which public notice had been issued. This earnest of good faith on the part of the United States with regard to its tariff, might make it possible for the conference to agree on a multilateral agreement containing (a) firm commitments on non-tariff trade barriers and (b) a general undertaking to reduce tariffs by a "substantial amount" through bilateral agreements.

The Canadian group expressed the view that the machinery of proposal 3 was defective in that it did not provide for an earnest of good faith as to the extent of tariff reduction in agreements between third countries. In order to remedy the defect it would be necessary to have the conference preceded by bilateral tariff negotiations between such third countries as well. It seemed obvious that this could not be done if too many countries were involved, but it might be achieved among a relatively small nucleus of countries, say 8 to 12 of the major trading nations. The Canadian group was also of the opinion that in any event it would be undesirable to attempt to secure agreement by the method of holding a general international conference. They expressed the view that, judging from past experience, the presence at a general international conference of the less important, and for the most part protectionist-minded, countries, would inevitably result in a watering-down of the commitments which a smaller number of the major trading nations might find it possible to enter into. The Canadian group accordingly suggested the following modification of proposal 3:

A nuclear group of 8 to 12 countries would agree on the following procedure:

(1) Each member of the nuclear group would immediately begin to negotiate bilateral agreements with each other member of the nuclear group,[48] such agreements to incorporate substantial tariff reductions. In order to speed negotiations and assure the general extent of tariff reduction, an informal "working rule" might be adopted that the tariff reductions to be granted by each country should be such as to reduce the over-all *ad valorem* equivalent of the duties on imports from each other member of the nuclear group by not less than x percent. It might also be agreed that 10 percent duties need not be reduced and would not be counted for the purpose of determining the weighted average reductions.

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[48]La note suivante était dans l'original:
The following note was in the original:

It was generally agreed in subsequent discussion that agreements between all the theoretically possible pairs of countries would not be necessary and that agreements might be dispensed with in cases where trade between a particular pair of countries was negligible.

The tariff reductions effected by the bilateral agreements would be required to be generalized to all members of the nuclear group. With regard to the treatment of tariff preferences, the following rules might be adopted:

(a) Preference-receiving countries would agree to waive their contractual rights to bound margins, thus permitting the preference-granting countries to reduce or remove margins of preference in agreements with other countries. This rule would apply during the negotiations among the nuclear group but might be adopted permanently.

(b) Reductions of most-favoured-nation rates would automatically operate to reduce or remove margins of preference, i.e. they would not be accompanied or followed by reductions in preferential rates.

(c) No margin of preference would be increased. Thus, if any preferential rate were reduced in a bilateral agreement between, say, Canada and Australa, the most-favoured-nation rate would have to be reduced to the same extent.

(2) The nuclear group of countries would also agree on provisions dealing with non-tariff trade barriers. These provisions would be the same for all members of the nuclear group and presumably would be negotiated through a multilateral commitee of some kind.

(3) When the negotiations under (1) and (2) had been completed, the resulting agreements would be concluded among the nuclear group, prior to the convening of a general international trade conference.

(4) The purpose of the international trade conference would be to discuss: (a) How other countries should be brought into the arrangement and (b) what treatment countries participating in the arrangement should accord to the trade of countries refusing to participate. These questions would, of course, require the re-examination of existing most-favoured-nation commitments.

The Canadian group was of the opinion that the nuclear proposal outlined above appeared to be the most promising of the various methods of selective tariff reduction which had been discussed. The American group was inclined to agree with this view, but had reservations as to (a) the possibility, under the Trade Agreements Act, of adopting even informal "working rules" regarding the percentage of tariff reduction to be achieved, and (b) the desirability of actually concluding the arrangements among the nuclear group prior to the holding of a general international trade conference at which the views of other countries would be obtained. In this connection, the Canadian group appeared to feel strongly that the arrangements among the nuclear group should not be kept open and thereby made subject to changes at the general conference.

With regard to the countries which would form the nucleus, discussion between the American and Canadian groups resulted in the following tentative list: United States, United Kingdom, Canada, Australia, South Africa, New Zealand, France, Netherlands, Belgium, U.S.S.R., Czechoslovakia and India.

There was a brief discussion of the possible tariff requirements which might be made of new members under the nuclear approach. There appeared to be two main possibilities: (a) the weighted average reduction of the tariffs of the nuclear group might be calculated and new members might then be required to

make the same over-all percentage reduction in their tariffs, or (b) new members might be required to negotiate their way in by entering into bilateral agreements with each of the countries making up the nuclear group. It was agreed by both the Canadian and American groups that new members would, of course, be required to adhere to the non-tariff provisions of the arrangement.

With regard to the withholding of tariff reductions from the trade of outsiders, it was generally agreed that the reductions should be generalized to all countries for a probational period. Whether or not it would be feasible to withdraw the benefits after the expiration of the probational period would largely depend upon the possibility of working out a basis of adherence by outsiders which would be accepted as reasonable and equitable.

Near the close of the discussion the Canadian group suggested that it might be possible, in connection with either a trade agreement between the United States and Canada or a more general arrangement to which both countries were parties, to provide for duty-free treatment on both sides of the border in respect of certain products traded in both directions. The Canadian group attached considerable importance to this possibility, stating that there were a number of cases (e.g. automotive items) where, although tariff reductions would not be of much help, free trade between the two countries would bring substantial reciprocal benefits. Since any such arrangement would require legislative approval in the United States, it might be provided for in a protocol which could be submitted separately to Congress. The American group agreed to report this suggestion and to urge that serious consideration be given to it in Washington.

In concluding the meeting the Canadian group emphasized again their strong preference for the plan for a horizontal tariff cut and expressed the hope that the United States would eventually see its way clear to attempting that approach.

**62.** DEA/200s

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2968 London, October 12, 1945

SECRET. Following for Wrong from Robertson,[49] Begins: I attended High Commissioner's meeting at the Dominions Office this morning when Helmore of Board of Trade and Edie [*sic*][50] of Treasury reported on present status of financial and commercial policy conversations in Washington. Canada House

[49]N. A. Robertson était à Londres avec le Premier ministre pour rencontrer des ministres et des fonctionnaires.
N. A. Robertson was in London with the Prime Minister for meetings with ministers and officials.

[50]Sir Wilfred Eady.

is reporting this discussion by air mail. In the meantime, you will have received a telegram from the Dominions Office[1] containing their appreciation of commercial position and a summary of instructions which are going forward to their representative in Washington.

2. The only comments I made at today's meeting on proposed declaration of principle concerning preferential policy were:

1. In proposing that there should be in no circumstances any increase in margins of preference, United Kingdom should be clear in their own minds as to base line from which such undertaking would be operative. (Cf. position of British preferences enlarged by wartime suspension duties in Canada on United Kingdom goods).

2. I thought any declaration of general policy respecting modification of preference as part of the general commercial policy arrangements should make it clear from the start that reductions in margins of preference were only to be brought about by reduction of duties on foreign products and in no case by increase in duties on Commonwealth goods.

3. Board of Trade representative did not argue against this general decision, but thought our interest could be safeguarded in intra Commonwealth agreement envisaged for pre-negotiation waiver of fixed margins of preference. Ends.

**63.** W.L.M.K./Vol. 380

*Le chancelier de l'Échiquier au Premier ministre*
*Chancellor of the Exchequer to Prime Minister*

[London,] October 12, 1945

My dear Prime Minister,

The Washington discussions, with all that they imply as regards Imperial Preference, have now reached a stage at which we feel that it would be very helpful if we could take advantage of the presence in London of yourself and Dr. Evatt to discuss with you the issues which are arising, and to benefit from your counsel on questions which affect us all so materially.

With this in mind, we are hoping to arrange a meeting here at 12 noon on Monday, to which Dr. Evatt will be coming; and both the Prime Minister and I hope very much that you too will find it possible to be present yourself. I am sorry that we have not been able to give you longer notice, but if you can find the date and time convenient, I personally shall be very grateful to you.

Yours very sincerely,

HUGH DALTON

**64.** W.L.M.K./Vol. 380

*Mémorandum du Premier ministre*
*Memorandum by Prime Minister*

CONFIDENTIAL [London,] October 13, 1945

While I was talking with Lieutenant Douglas Robertson, a note was handed me marked "Immediate" and "By Hand" from the Chancellor of the Exchequer with a slip marked "Urgent." I asked Robertson to excuse me while I opened the letter which was one from Dalton stating that a meeting had been arranged for 12. noon on Monday at which Dr. Evatt will be present to deal with the question of Imperial preferences, and matters arising out of the Washington discussions — asking if I could be present at 12. noon on Monday.

As soon as Robertson left, I re-read the letter and finding myself completely shaken by the continuous interruptions of the morning, with nothing overtaken, I realized that I was once again just about at the breaking point.

Handy[51] came in at this stage with a note saying that "a message has just been received from the Office of the Chancellor of the Exchequer to say that the Chancellor will be presiding at the meeting on Monday." Also with directions as to how to telephone, etc.

I felt I would have to make a decision at once. First of all, I am not in a position to discuss financial and trade questions. I have not come over for that purpose and I should not without having had a prior conference with my colleagues in the Cabinet, wish to undertake so great a responsibility. In the second place, the mention that Evatt would be present and that the idea was to have opinion expressed from himself and myself, by no means added to my desire to be on hand at any discussion on that question with him.

Robertson had told me late last night that the meeting had been fixed for yesterday at Dominions Office to discuss matters with Evatt but he had not turned up. This meeting was being arranged so as to meet his convenience on Monday as he leaves for Washington a day or two afterwards.

Realizing the vast significance of the question, I thought it best to get on the telephone myself direct with Mr. Dalton's office. I got his private secretary. Asked once or twice who it was I was speaking to, each time got the reply "The Chancellor's Private Secretary." I then said to him I had received this note. While I was anxious to help in every way possible, I did not feel I was in a position to discuss questions of Imperial preferences or financial matters at this time and without prior consultation with members of my own Cabinet. That I would hope, therefore, it would not be necessary for me to be present at any meeting of the Cabinet.

The private secretary, whoever he was, said that the Chancellor would be very disappointed and I rather inferred from his remarks it was up to me to meet the Chancellor's wishes once they had been expressed. I replied I also

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[51]J. E. Handy, secrétaire privée du Premier ministre.
J. E. Handy, Personal Secretary to the Prime Minister.

regretted not being able to be present. I added to what I had said that I had come over on other matters which were not connected with trade or financial questions at all. I also was very tired. In fact, was used up and did not feel in shape to undertake discussion of a matter as important as that to which the Chancellor's letter referred.

The private secretary still persisted in saying the Chancellor would be sorry to hear I could not come which caused me to repeat with a bit of insistence that I, too, was sorry but I had to consider my position and that of the government.

A few minutes later, the secretary added would I like to be represented in the event of my not being able to come myself. Knowing that Robertson was expecting to be present on Monday though he has left this morning for Holland, and hoped to have a day or two there, was coming back, I said I would have no objection to having Mr. Robertson who was with me attend the meeting to which the secretary replied he would so inform the Chancellor. As the meeting had been arranged, he thought it was best that that course should be followed. Matters were then left in that way. He would forthwith advise the Chancellor.

**65.** W.L.M.K./Vol. 380

*Le Premier ministre au Chancelier de l'Échiquier*
*Prime Minister to Chancellor of the Exchequer*

London, October 15, 1945

My dear Chancellor,

I regret exceedingly not having found it possible to comply with the request of your letter of October 12th which I received shortly after noon on Saturday.

It was kind of you to say that you felt it would be helpful to yourself and others if advantage could be taken of the presence in London of Dr. Evatt and myself to discuss the issues arising out of the Washington discussions, with all that they imply as regards Imperial preferences; also that the Prime Minister and yourself hoped that it might be possible for me personally to be present at a meeting being arranged for noon today (Monday).

On receipt of your letter I immediately informed your private secretary that, as I had not thus far had opportunity to consider with my colleagues in the Cabinet at Ottawa the all important matters mentioned in your letter, I did not feel at liberty to enter into a discussion of them at this time with yourself and colleagues in London.

Knowing, as I do, how far-reaching any decisions with respect to the Washington discussions and, in particular, questions of Imperial preferences are certain to be, I should not wish to attempt any discussion of them without giving to these matters, in advance, much more thought than, thus far, it has been possible for me to give.

I am, as you know, most anxious, while here, to be of as much help as I can on any matter of mutual interest and concern. I am certain, however, that were

I, to the exclusion of representatives of other nations of the Commonwealth, to join with Dr. Evatt in initiating or in furthering discussion of financial and trade matters with members of the British Cabinet, sooner or later, my position would almost certainly be misunderstood both in Canada and in London.

I am sure, for example, that my colleagues, the Minister of Finance, Mr. Ilsley, and the Minister of Trade and Commerce, Mr. MacKinnon, would think it strange were I to attempt discussion of these matters, on this particular visit to London, without having had with them some word of prior consultation.

Mr. Norman Robertson, who has been having conversations with officials of the United Kingdom Government on many matters will be present at this morning's meeting. I have asked Mr. Robertson to let you know exactly what my feelings are; also to say how much I regret having had to occasion you or the Prime Minister the slightest disappointment in any matter. I am sure I may rely upon your complete understanding.

With kindest personal regards,
Yours very sincerely,
[W. L. MACKENZIE KING]

**66.** DEA/200s

*Le secrétaire d'État par intérim aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs to Acting High Commissioner in Great Britain*

TELEGRAM 2441 Ottawa, October 18, 1945

SECRET. Following for Robertson from Wrong, Begins: Your telegram No. 2968 of October 12th, Imperial Preferences. At a meeting yesterday of senior officials we discussed reply to Dominions Office telegram D.1909 of October 12th.† Text of draft reply approved by Mackintosh, McKinnon and Mackenzie[52] is given in my immediately following telegram. Towers also approves this line but has not seen text.

We feel you should see answer and if you think it necessary clear with Prime Minister. If you approve, Hudd[53] might send reply to Dominions Office without further clearance here since Mr. Ilsley is away until early next week and London has asked for earliest possible indication of our views. Ends.

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[52]M. W. Mackenzie, sous-ministre du Commerce.
M. W. Mackenzie, Deputy Minister of Trade and Commerce.
[53]Haut commissaire par intérim en Grande-Bretagne.
Acting High Commissioner in Great Britain.

**67.** DEA/200s

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs*
*to Acting High Commisioner in Great Britain*

TELEGRAM 2442 Ottawa, October 18, 1945

SECRET. Following for Robertson from Wrong, Begins: My immediately preceding telegram. Following is draft reply to Dominions Office telegram D.1909 of October 12th,[1] Begins:

The suggestions in para. 4 which you propose to have put forward to the U.S. authorities for incorporation in a statement of principles are in general in accord with our views, provided the statement will make it unequivocally clear that preferences are to be dealt with in conjunction with tariffs. We take this to be your understanding. If, however, you are considering as a quid pro quo for financial aid undertaking not to increase preferences and not to introduce new preferences and to reduce margins when general tariffs are reduced (para. 4 (a) and (b)), we would be obliged to give the question further serious study. We feel it imperative therefore to emphasize the consideration which we regard as all important that preferences cannot be considered apart from tariffs but must be treated as part of trade negotiations looking to reductions in tariffs and as part of satisfactory arrangements on commercial policy generally. Any undertaking to maintain even the status quo toward preferences should be conditional upon the satisfactory outcome of the talks as a whole and could not be operative indefinitely in default of such an outcome.

With reference to para. 5 (1), while we cannot object to your urging a current dateline for preferences, our view is that because we contend preferences are inseparable from tariffs there is a strong case for conceding the adoption of the same pre-war date for both. Ends. Message ends.

**68.** DEA/198s

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

DESPATCH A.508 [London,] October 25, 1945

SECRET

Sir,

With reference to my despatch No. A.483 of the 13th October[1] concerning the Washington discussions on financial and commercial policy, I have the honour to forward the following further information. It was obtained in the course of a conversation which Mr. Robertson (accompanied by Mr. LePan)

had with Sir Wilfred Eady of the Treasury and Mr. J. R. C. Helmore of the Board of Trade on the evening of the 19th October. Sir Wilfred Eady and Mr. Helmore are the opposite numbers in London of Lord Keynes and Sir Percivale Liesching respectively. They are the operative officials who are dealing with the London end of the negotiations.

2. Sir Wilfred Eady warned that, in spite of the atmosphere of cordial sympathy in which the conversations were proceeding, there was still a real danger that the financial talks might break down. If they did, the break would most probably occur over the sterling balances. The United States, in his view, had never fully understood the sterling area and had believed that its working was much more mysterious and occult than was actually the case. Moreover, American businessmen were continually tripping over the regulations which governed the sterling area and were much more conscious of the way it affected their interests than they were of the consequences to themselves of the other topics under discussion. It would also be easy for the opposition in the United States to dramatise this issue; they could represent how iniquitous it was that the United Kingdom sterling area creditors, which they lumped pell-mell together, should not make a uniform contribution to assist the United Kingdom in the same way as it had been suggested the United States should do. For these reasons, he was afraid that the sterling balances might prove the chief stumbling-block in the conversations.

3. He repeated that it would be quite impossible for the United Kingdom to require its sterling area creditors to make a contribution according to any over-all formula, as the United States delegation was still inclined to urge. It was misleading, in fact, to speak of the sterling balances as though they constituted a single financial problem. In reality, they resolved themselves into a number of separate problems which were ultimately political. The great bulk of the sterling balances stood to the credit of India, and no Government in the United Kingdom could face the political consequences of exacting a large contribution from India on the grounds that it was an essential condition of a satisfactory financial agreement with the United States. Another country with large sterling balances was Egypt; and here again the negotiation of an agreement to scale down her balances would be beset by political difficulties. He recalled that the Anglo-Egyptian Treaty came up for renewal in 1946, and he said that the question of a financial settlement with Egypt must be seen in relation to recent Egyptian claims for the acquisition of the Sudan, to Arab unrest over Jewish immigration into Palestine and to the Soviet ambitions in the Mediterranean which had been made manifest at the Conference of Foreign Ministers. Any negotiations looking to the scaling down of the Egyptian balances would be extremely delicate. The conclusion was inescapable that the various creditors must be approached individually. On more general grounds, the United Kingdom was unwilling bluntly to inform her sterling area creditors that they must make a contribution, because of the effect which such a demand would have on her reputation as a borrower. On the other hand, he admitted, in reply to a suggestion from Mr. Robertson, that pressure from the United States

might well prove a useful instrument towards securing satisfactory agreements with these individual creditors.

4. If a breakdown occurred in the financial conversations, the Treasury was anxious that it should come over an issue which not only was considered fundamental by the United Kingdom experts and by the Government, but could also be presented to public opinion both in this country and elsewhere in such a way that the soundness and the justice of the United Kingdom's stand would be clearly apparent. The proper treatment of the sterling balances was such an issue, he believed. He enquired whether, if a breakdown came over this question, Canadian opinion would think that the United Kingdom had been justified in refusing to retreat from their position on this point. Mr. Robertson replied that he personally thought such a stand by the United Kingdom would be regarded sympathetically in Canada, even though it led to a breakdown. On the other hand, however sympathetically Canadians might regard the United Kingdom's position if the present conversations resulted in failure, the Canadian Government obviously would have to review afresh all the elements in the situation as it affected Canada and adopt a policy dictated by Canada's interests in the new circumstances.

5. Sir Wilfred reported that the United Kingdom delegation could not have wished for more firm and continuous support than they had obtained from the present Government. Nor could he complain of any lack of understanding of the broad outlines of the problem. On the other hand, opinion in the Cabinet was sometimes ruffled by cross-currents which were not always helpful. In particular, members of the present Government were susceptible to appeals from the other Labour Governments in the Commonwealth and rallied perhaps too easily to the slogan "Labour Governments of the world unite!" This susceptibility should be kept in mind in estimating the present Government's policy both towards preferences and towards the sterling balances. There was also considerable suspicion of United States bankers and, sometimes, excessive optimism that with a controlled economy the United Kingdom could get along satisfactorily without United States aid. The Treasury was under no delusion that this was possible.

6. On commercial policy, Mr. Helmore reported that the Statement of Principles concerning preferences, which you will have seen in paragraph 4 of the Dominions Office telegram No. 1909 of the 12th October,† had now been presented to the United States delegation, and had been rejected by Mr. Clayton as unsatisfactory. Or, to be more exact, Mr. Clayton had said that the Statement would not be sufficient to satisfy Congress. In the course of the evening's conversation, it became apparent that, although the United Kingdom negotiators found Mr. Clayton to be a perfectly fair and open-minded negotiator, they thought that Mr. Vinson[54] understood more fully this country's present difficulties.

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[54]F. M. Vinson, secrétaire au Trésor des États-Unis.
F. M. Vinson, Secretary of the Treasury of the United States.

7. Mr. Robertson asked whether, in the view of United Kingdom officials, the waiver of fixed margins of preference, referred to in 4(c) of Dominions Office telegram No. 1909 of the 12th October, should come before or after the series of bilateral agreements over tariffs and preferences, which it is now hoped will be made in Washington next March. Mr. Helmore replied that he had thought that such a waiver should follow rather than precede the bilateral agreements between the drafting countries. In any case, of course, the bilateral agreements would not come into effect until such waivers had taken place. Later in the evening, however, he remarked that he had more and more been coming to the conclusion that it might be useful to have a Commonwealth conference to consider preferences some time in February, before the March meeting in Washington. Mr. Robertson promised to consider this informal suggestion.

I have etc.

FREDERIC HUDD

**69.** DEA/200s

*Le gouverneur, la Banque du Canada,*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Governor, Bank of Canada,*
*to Associate Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL Ottawa, November 5, 1945

Dear Hume [Wrong]

I am attaching hereto some notes on conversations which I had in Washington recently on the subject of U.K.-U.S. discussions. I do not know whether these notes would be of any use to Norman when he arrives in Washington,[55] but in any event you may wish to send a copy to the Embassy. I am therefore enclosing a duplicate.

I was very interested in the despatch from the High Commissioner in London, dated October 25th, on the subject of Norman's conversation with Sir Wilfred Eady and Mr. J. R. C. Helmore. Referring particularly to paragraph 4 of the despatch, I should think that if the U.K.-U.S. talks were otherwise satisfactory, a breakdown on the subject of sterling balances would be most unfortunate. I can understand that the English will not undertake a commitment to arrange a scaling down through the piece because their creditors are not all in the same position. Moreover, the U.K. is presumably not in a position to guarantee the exact amount by which the balances will be written down. Nevertheless, I think we would share the American view that something substantial should be accomplished in this respect — in spite of the serious

[55]N. A. Robertson se rendait à Washington pour participer aux discussions concernant l'énergie atomique. Voir le document 635.
N. A. Robertson was on his way to Washington for atomic energy discussions. See Document 635.

political difficulties which the U.K. will face when dealing with India and Egypt.

I have no doubt that when Eady asked for Norman's opinion he got a very reserved answer, and I hope that Eady did not interpret the answer as being too sympathetic.

Yours sincerely,

GRAHAM TOWERS

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du gouverneur, la Banque du Canada*

*Memorandum by Governor, Bank of Canada*

CONFIDENTIAL Ottawa, November 5, 1945

*Notes on conversations in Washington, October 18-24, 1945*

On October 18th, at lunch with Lord Halifax, Lord Keynes, R. H. Brand[56] and Gordon Munro,[57] Keynes brought me up to date on their conversations with U.S. officials. Up to that time, the United States had made no specific proposals on the financial side. The conversations had been limited to the U.K.'s exposition of their problem; to questions by the U.S. on this subject; and to the discussions on the subject of preferences and commercial policy arrangements. From the attitude of the U.S. negotiators, it was clear that assistance to the U.K. in the form of retrospective Lend-Lease or a grant-in-aid was impossible, and it seemed likely that the U.S. might endeavour to —

(a) Whittle down the amount of the credit below $5 billions.
(b) Call for payment of interest.
(c) Link the question of preferences with financial aid.
(d) Obtain rather specific undertakings in regard to scaling down of "sterling" balances.

Keynes asked for my views on all these points, and I gave them to him as follows:

(a) Amount of credit: I expressed the view that the U.K. should strenuously resist such a scaling down of the credit as would necessitate the adoption of a policy of extreme austerity in regard to imports. I realized that some degree of austerity was necessary in the best of circumstances. If carried too far on a non-discriminatory basis, the repercussions would be serious not only in countries which had more expansive ideas on the subject of world trade than those held by U.S. negotiators, but perhaps even in the United States itself when they came up against the full force of import restrictions. I asked Keynes if the present drive to save dollars (U.S. and Canadian) was a sample of what could be expected if the U.K. were able to make reasonably satisfactory

[56]R. H. Brand, représentant du Trésor de Grande-Bretagne à Washington.
R. H. Brand, Representative of British Treasury in Washington.
[57]Gordon Munro, conseiller financier, haut commissariat de Grande-Bretagne.
R. Gordon Munro, Financial Advisor, High Commission of Great Britain.

financial arrangements with the United States. He replied in the negative, adding that the uncertainties of their present position were such that instructions had gone out to economize on dollars in every conceivable way.

(b) On the question of interest rate, I suggested that a nominal rate, say ½ of 1 per cent, would not help U.S. Administration to get Congressional agreement. It would simply muddy the waters. On the other hand, I could see that if the U.S. called for payment of a commercial rate, the U.K. might feel that they could not accept the commitment. I gathered from Keynes that there had been some hint that the Americans might consider a flexible arrangement in respect to the payment of interest, i.e., that it might be deferred in certain circumstances. He asked what I would think of a proposal that interest should be payable only if U.K. exports (and probably invisibles) reached a certain figure. I replied that I did not think the U.K. could object to such an arrangement if the target figure was sufficiently high.

(c) On preferences, I said that I thought the Canadian view (except in this case, I took pains to stress that only personal opinions were being expressed) was strongly against any appearance of policy being amended as a *quid pro quo* for the loan. I asked if there was not a risk that the U.K. Parliament would be told one thing, and the U.S. Congress another. Keynes thought there was very considerable risk.

(d) Sterling balances: Keynes mentioned one or two suggestions which had been thrown out by the Americans for dealing with the sterling balance problem in some devious way, for example, that the U.S. might make an offer to U.K.'s creditors to discount sterling balances (regarded as blocked and non-interest bearing for a considerable period of years) on a 3 per cent basis, producing U.S. dollars for the creditors for an amount equal to half the nominal U.S. dollar value of sterling sold. The U.K. would then use a portion of their U.S. dollar credit to take over the sterling from the U.S. at the price paid for it by the U.S. For reasons which I need not detail in this memorandum, I expressed the view that such a policy would work out most unsatisfactorily.

On October 19th Brand and Keynes told me about the proposals which had been made by the Americans on the preceding afternoon, i.e., a $3½ billions credit, free of interest or amortization for the first five years, then repayment over the following 50 years with interest at 2 *per centum per annum*. Keynes had said that the terms were such that he would either have to pack up and go home, or start all over again. Vinson kept the ball in play by making a few jokes, but nothing more conclusive came out of the meeting. By the time I left Washington on October 24th, the British had not received London's reactions to the proposals, and no further financial discussions had taken place.

Mr. Stone and I saw Clayton on October 19th. Mr. Collado[58] and Mr. Hooker (?) attended the meeting. Mr. Clayton said that the financial discussions with the U.K. were going very well indeed, and he expected that a

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[58]F. G. Collado, directeur, Bureau de la politique financière et du développement, États-Unis.
F. G. Collado, Director, Office of Financial and Development Policy of the United States.

satisfactory arrangement could be made. I had thought that this might very well be his attitude, and, by arrangement with Keynes, was able to say that I knew what the proposals were, and could not share Clayton's optimism. I pointed out that Canada — in common with many other countries — had a vital interest in the discussions. It was our understanding that a financial agreement would include a promise by the U.K. not to practise discrimination in her import policy. If the size or terms of the U.S. credit were such that the U.K. had to keep her imports at an excessively low level during the transition period, then all suppliers of the U.K. would be adversely affected; and indeed for "U.K." one could read "sterling area." I expressed the view that both the political and economic implications of a penurious policy were extremely bad. What had happened to the idea so freely expressed a couple of years ago that post-war policy should be bold and expansive? Did not the present political and economic state of Europe make it more than every necessary that a timorous or restrictive policy should be avoided? — and so forth. Clayton was most agreeable, and gave us all the time we wanted, but did not go far in expressing his own views. I gathered from Keynes that Clayton has taken the lead in the discussions; that they have found him pleasant to deal with, but recently very "wooden". Vinson has kept a good deal to the side-lines. Harry White has been in the background.

I saw Harry White later in the same day, and covered much the same ground as I had with Clayton. Harry White said that he did not think that the U.S. should try to whittle down the credit to the U.K., but that, as a "technician," he had had to express the view that the figures put forward by the English, properly revised, did not indicate that they needed as much as $5 billions from the U.S. I gathered that the U.K. balance of payments figures, on which the discussions have been based, assume an average *volume* of imports some 10 per cent below pre-war, and assume import and export prices 100 per cent above pre-war.

Harry White asked what post-war credit arrangements we had made with the U.K., mentioning Keynes's pre-Washington visit to Ottawa.[59] I told him that there had been no discussions pending the outcome of the Washington talks. (The English had already told him the same thing.) I said that Canada's approach to the whole problem had been indicated by the suggestions which we put up to the U.K. early this year. I assumed that consideration would be given to the volume of Canadian export trade which it was desired to maintain, and to possible volume of imports from the sterling area, as well as other means of payment available to them. White said that was rather vague. What might it mean in terms of dollars? I replied that if the realistic examination threw out a figure of a billion dollars I did not think that would cause too great a shock. Naturally, I emphasized that these views were personal, and not based on discussions with the U.K., or even on discussions at home. White asked our attitude towards interest payments, and I said the subject had not been discussed.

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[59]Voir le volume 10, documents 553 et 554.
See Volume 10, Documents 553 and 554.

I saw Vinson a few days later. When the conversation came round to their talks with the U.K., I repeated, but in very abbreviated form, the views expressed to Clayton, and followed the same procedure when Acheson lunched with Stone and myself at the Embassy. Acheson did not appear to know the exact terms of the proposals made by the Americans some days earlier. He said that he thought that the credit under consideration ranged from three and a half to six billions. ("Were our people trying to whittle down the amount?")

Eccles of the Federal Reserve, who has been participating in the discussions, was away. I saw Knapp, who is his right-hand man in this field, as well as Gardner and Goldenweiser, but thought it best to confine myself to some very general expressions of opinion when they brought up the subject of the loan to the U.K.

In general, I formed the view that the Americans were somewhat too confident of their ability to decide the terms of a financial arrangement and too little worried by the implications of an arrangement which left the U.K. in a weak position. They see — or think they see — such prospects for a good demand, domestic and international, for everything the U.S. can produce in the near term future that the selfish interest which the United States has in making a deal that could be regarded as a good one by the U.K. is not as much recognized as it might be. On one occasion I had to listen to the word "humanitarian" being used in connection with U.S. proposals. What Congress would or would not accept is, of course, constantly brought into the conversation; and no real effort has been made to show the problem to Congress or the public in its true light. One reason for this — according to Harry White — is that the Administration, not having made up its mind as to the proper course of action, has nothing to "sell" to the public or Congress.

**70.** DEA/200s

*Le secrétaire d'État par intérim aux Affaires extérieures au secrétaire aux Dominions*

*Acting Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 257 Ottawa, November 8, 1945

MOST IMMEDIATE. SECRET. Your telegram D.2069 of November 6th,[1] commercial policy.

We see no objection to your supporting the revised U.S. proposals as a basis of discussions at the proposed international conference on trade and employment. We are, indeed, highly gratified at the progress your negotiators have made and at the degree of agreement reached.

In the discussions at the conference and prior to it we will wish to raise several points such as the number of exceptions in favour of quantitative restrictions and the application of subsidies to agricultural products.

We had hoped that a greater emphasis would have been placed on tariff reductions so that the document might present to the world a more positive

programme for the reduction of trade barriers. The understandable concern over preferences has given them relatively an undue prominence in the document. We trust that the revision of the formula mentioned in paragraph (5) of your telegram D. 2069 will redress the balance.

The formula for dealing with preferences given in your telegram D. 2070[1] is, in general, acceptable to us, on the assumption that the agreement in paragraph 2 (c), that margins of preference on any product will in no case be increased and no new preferences introduced, is conditional upon a satisfactory outcome of the talks as a whole and would not be an undertaking operative indefinitely in default of such an outcome.

**71.** DF/Vol. 4209

*Mémorandum du ministère des Finances*
*Memorandum by Department of Finance*

[Ottawa,] November 14, 1945

MEMORANDUM ON PROPOSALS FOR CONSIDERATION BY AN INTERNATIONAL CONFERENCE ON EMPLOYMENT AND TRADE

The United States is going to make public within the next week proposals for an International Conference on Employment and Trade. It will also issue shortly thereafter invitations to fifteen countries, of whom Canada will be one, to discuss in advance of the Conference the principles which it is proposed that the Conference should adopt, and to undertake negotiations with the United States and with each other of trade treaties for the reduction of tariffs and preferences.

While the announcement will be made by the United States, the proposals will in fact have been agreed to by the United Kingdom in advance and will probably be endorsed publicly by the United Kingdom Government following the announcement from Washington.

These proposals mark the culmination of discussions which have been going on with United States and among Commonwealth Countries since 1942. In most of these discussions Canadian officials have participated, although they are not participating in the present U.K.-U.S. discussions in Washington.

It is hoped that the Conference which the United States will propose will set up a new international body, the International Trade Organization, whose function would be to facilitate co-operation and agreement among member nations on matters of employment and trade, on commodity arrangements, and on the control of restrictive business practices (cartels). The articles of association of the new Organization would set out certain rules and principles for the conduct of international trade by which the members would be bound. These would include specific undertakings on the limitation of subsidies, quotas, import licensing, state trade, etc. They would also include a general undertaking to negotiate reductions in tariffs and preferences.

It is the intention of the United States that the negotiations on tariffs and preferences should be negotiated in advance of the Conference and that, if possible, the fifteen countries initially invited should have completed their negotiations by the time of the Conference, which it is hoped would take place about June 1946.

Prior to the Conference and at the Conference, Canadian representatives will have a considerable number of points to raise as to the principles which should be adopted in regulating the use of certain devices, such particularly as subsidies, quotas, and import licensing. There is no question of the Canadian Government being bound at this time by any of the proposals which the Government of the United States is making.

One of the most difficult points in the discussion between the United Kingdom and the United States has been the approach to preferences. The United States attitude has in the past been that preferences are discriminatory trade practices which should be eliminated. The British have taken the attitude that preferences are merely protectionist devices which should be reduced by negotiation, as other forms of protection are reduced. The draft United States proposals, to which the British are giving agreement as a basis for discussion, follow very closely the line which Canadian officials have maintained consistently over the past three years. Both tariffs and preferences are made the subject of negotiation. In the process of reducing tariffs it is proposed to reduce the most-favoured-nation rates without reducing the preferential rates, thus allowing the margin of preference to contract. The principle to be followed is that preferences are to be reduced through the reduction of tariffs and not reduced by increasing preferential duties. By this process some preferences would be eliminated but others would merely be reduced, and the extent of the reduction would depend on the willingness of the United States to make substantial cuts in her tariff.

In transmitting to the Canadian Government the proposals as agreed at Washington, the United Kingdom Government asked that we should state whether or not we had any objections to the proposals. There is no question of the Canadian Government being bound at this time by the proposals, but since we all have an interest in the ultimate course followed the United Kingdom Government asked the Dominions to state any objection which they might have to the terms of the proposed United States announcement.

A copy of the telegram[60] sent in reply to the United Kingdom's inquiry is attached hereto. It will be noted that the telegram does not commit the Canadian Government but in stating that we saw no objection to the United Kingdom's supporting the proposals, there has been created a presumption that the Canadian Government will be willing to participate in the proposed Conference and in negotiations which may be negotiated prior to the Conference.

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[60]Voir le document précédent./See preceding document.

**72.** DEA/8378-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 417 Ottawa, December 11, 1945

SECRET

Sir,

Acting under instructions from my Government, I have the honour to communicate to you the following:

The Government of the United States refers to the document "Proposals for Expansion of World Trade and Employment"[61] which has been transmitted to the Government of Canada, and to the proposals of the Government of the United States that the United Nations Organization convene in the summer of 1946 a conference on trade and employment to consider and take action to realize the objectives referred to in that document.

It is the view of the Government of the United States that the success of the proposed conference can best be realized if there is thorough going preparation for it and that such preparation should include concrete plans which the principal trading nations of the world would be prepared to adopt, for the actual reduction of tariff and other trade barriers, and for the elimination of discriminatory trade treatment, in accordance with the objectives agreed upon in notes exchanged November 30, 1942, between the United States and Canada.

The Government of the United States therefore has the honor to ask the Government of Canada whether it would be prepared to appoint representatives to attend a preliminary meeting in March or April of 1946, to be held at a place to be determined. It would be the purpose of the meeting, which would be attended by the other Governments accepting invitations, to:

(a) negotiate for the consideration of the proposed conference, concrete arrangements for the relaxation of tariff and trade barriers of all kinds which would command the support of governments attending the conference; and

(b) to consult, and to reach such preliminary understanding as may be practicable, with regard to other topics on the proposed agenda for the conference referred to above.

In order that the representatives of the United States may make a practical contribution to the work of the preliminary meeting, it will be necessary for the Government of the United States, under the procedure required by the Trade Agreements Act, to issue public notice of intention to negotiate for the reduction of tariff and other trade barriers with the governments intending to participate in that meeting. In view of the public hearings and other procedures

[61]Voir/See États-Unis, *Department of State Bulletin*, Volume 13, December 9, 1945. pp. 913-29.

required by law this notice should be issued at least three months prior to the beginning of definitive international discussions by the representatives of the United States. Accordingly, the Government of the United States hopes to be able to issue, by the end of this year or early in 1946, a public notice of intention to negotiate with Canada. In order to make this possible, it is urged that the Government of Canada indicate, prior to December 31, 1945, whether it will participate in the preliminary meetings.

In accordance with customary practice, the proposed public notice will be accompanied by a list of the products which will be considered for the granting of trade concessions to Canada and on which public hearings will be held. The list will include those products of which Canada has been, or is likely to become, a principal supplier to the United States.

This invitation is also being sent to the following Governments:

France, United Kingdom, South Africa, New Zealand, Australia, India, Belgium, Luxembourg, Netherlands, Czechoslovakia, Cuba, Brazil, U.S.S.R., and China.

Accept etc.

RAY ATHERTON

**73.** DEA/8378-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 120 Ottawa, December 15, 1945

SECRET

Excellency,

I have the honour to refer to your note No. 417 of December 11th in which you communicate a message from the Government of the United States regarding the *Proposals for Expansion of World Trade and Employment*, already transmitted to the Government of Canada, and regarding the conference on trade and employment which it is proposed that the United Nations should convene in the summer of 1946 to consider and take action to realize the objectives referred to in that document.

The Government of Canada is heartily in accord with the view of the Government of the United States that nations should concert their efforts in the sphere of their international economic relations for the purpose of expanding the volume of world trade and maintaining high and stable levels of national employment.

The Canadian Government agrees also that the success of the proposed United Nations conference might best be realized by a thorough preparation including concrete plans, which the principal trading nations of the world

would be prepared to adopt, for the relaxation of tariffs and other trade barriers and for the elimination of discriminatory trade treatment.

I am pleased to inform you, therefore, that, in accordance with these objectives and those agreed upon in the exchange of notes which took place on November 30th, 1942, between the United States and Canada, the Government of Canada will be prepared to appoint representatives to attend a preliminary meeting in March or April of 1946, to be held at a place to be determined.

Accept etc.
W. L. MACKENZIE KING

## PARTIE 3/PART 3
## CRÉDITS À L'EXPORTATION
## EXPORT CREDITS

### SECTION A
### UNION SOVIÉTIQUE/SOVIET UNION

**74.** DEA/6226-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 172 Moscow, May 23, 1944

SECRET

Sir:

I have the honour to direct your attention to the reply given in the United Kingdom House of Commons on May 16th to two questions asked concerning post-war trade with the Soviet Union. In his reply the President of the Board of Trade referred to discussions taking place between experts of the two countries regarding the kinds and quantities of goods each country could make available to the other for their respective requirements.

2. In order to obtain more particulars regarding these discussions I had an interview on May 20th with Mr. Charles Gifford, the Commercial Secretary of the British Embassy, who has an office separate from the remainder of the Embassy. Mr. Gifford was kind enough to show me his file which indicated that while conversations have been going on between himself and Mr. Krutikov, Vice-Commissar of Foreign Trade, they have not resulted as yet in any very definite results nor have lists yet been produced of the goods each country would like to obtain from the other after the cessation of hostilities with Germany.

3. Developments commenced with two notes verbales submitted by the British Embassy to the People's Commissariat of Foreign Affairs on February 12, 1944. One of these notes offered a further credit of £25,000,000 under the provisions of the United Kingdom-Soviet Financial Agreement of August 16, 1941. You will recall that under this agreement provision was made for a credit of £10,000,000 to cover purchases of goods outside of the Protocol. This credit became exhausted in June, 1942, when a further credit of £25,000,000 was extended. The new credit, therefore, will bring the total amount extended under the agreement to £60,000,000 and it is expected that this will cover the period to the end of the hostilities with Germany.

4. The second note verbale raised the question of trade between the two countries after the cessation of hostilities with Germany and asked for a list of the orders Soviet organizations contemplated placing with United Kingdom firms and the quantities of Soviet products, particularly lumber and flax, which would probably be available for United Kingdom requirements in the period immediately following the cessation of hostilities with Germany. The note pointed out that so long as hostilities continued with Japan it would be necessary for the United Kingdom Government to give priority to orders for war purposes and it was to examine the situation in this light that they would like to have the list of orders which Soviet organizations contemplated placing with United Kingdom firms. The note concluded by proposing detailed discussions on the subject between the Commercial Secretary of the British Embassy and the People's Commissariat of Foreign Trade.

5. An official reply to these notes was received from the People's Commissariat of Foreign Affairs in April. This placed the question of long-term credits in the forefront and indicated that the Soviet Government considered the terms of the Financial Agreement of August 16, 1941, to be too onerous for the purposes of trade after the cessation of hostilities with Germany. It was agreed, however, that the Commercial Secretary of the British Embassy should conduct further detailed discussions with the People's Commissariat of Foreign Trade.

6. Since then Mr. Gifford has had several conversations with Mr. Krutikov on the subject. The latter has generally taken the position that it is difficult for them to prepare lists of goods to be exchanged between the two countries until it is known what terms of credit the United Kingdom Government will be willing to furnish to the Soviet Union for the financing of trade during the period immediately after the cessation of hostilities with Germany and prior to the conclusion of a comprehensive commercial agreement regulating trade between the two countries for the subsequent and longer post-war period. The telegrams from London have not ruled out the possibility of the extension of a long-term credit to bridge this period and presumably such a credit will be on terms more favourable to the Soviet Union than the Financial Agreement of August 16, 1941. Mr. Gifford is now awaiting further word on this point from London, where the whole question is being examined by the Treasury.

7. In the meantime Mr. Gifford is encouraged to believe that some progress is being made with the preparation of lists. Mr. Krutikov pointed out that, rather

than have the Soviet Government prepare a list of the quantities of lumber, flax and other Soviet products the Soviet Union may be able to supply, the United Kingdom Board of Trade should indicate the quantities of Soviet products they are likely to require. London has hesitated to be committal on this point, pointing out the relation of lumber supplies from the Soviet Union to the general question of trade with Canada after the war. Mr. Gifford is still pressing for action on this Soviet request and believes that, when something more definite is available on the question of credits, London will give him some idea of United Kingdom requirements of Soviet products, whereupon he will receive from Mr. Krutikov a list of the orders Soviet organizations will be desirous of placing in the United Kingdom following the cessation of hostilities with Germany.

8. United Kingdom experience is a valuable guide to what we may expect when we initiate discussions with the Soviet Government on the subject of post-war trade. It is obvious that we shall have to be prepared to discuss terms of credit simultaneously with a discussion about the kinds and quantities of goods the Soviet Union is likely to require from Canada. We shall either have to be prepared to offer the Soviet Government a revolving credit of up to, say, $100,000,000, repayable after five years, or a government guarantee of bank credits covering Soviet purchases of Canadian goods of a like value spread over a period of five years. Any other terms are likely to be less generous than those which will be offered by competing countries and the term of five years for repayment of the credit may prove to be too short. It will be much more difficult for the Soviet Government to prepare a list of the orders their organizations are likely to wish to place in Canada than it will be for them to prepare such a list covering their probable requirements of United Kingdom goods, because Canada, unlike the United Kingdom, has never been a regular source of supply for any of the products imported into the Soviet Union. Apart from the question of credits everything will depend upon the ability of our manufacturers to quote prices competitive with those quoted by other countries. We should profit by United Kingdom experience and point out frankly to the Soviet Government at the outset that, whereas Canadian industry is in a good position to supply the kinds of goods the Soviet Union requires for reconstruction purposes, Canada is not likely to provide an extensive market for Soviet products. We can hold out the hope, however, that after the war Canada should again afford a possible outlet for up to 250,000 metric tons a year of Soviet anthracite coal, and quantities of the other products formerly imported from the Soviet Union in excess of the pre-war volume, as well as a possible new trade in other Soviet products, such as petroleum and manganese, provided always that Soviet prices and other conditions are competitive. We shall have to be careful to forestall any attempt to base the repayment of credits on our acceptance of an equivalent value of Soviet goods, requiring that such repayment be made out of the proceeds of multilateral trade or in gold. The volume of probable shipments of Soviet anthracite coal to Canada should be indicated in advance not with a view to suggesting restriction at the outset but in order to have something to fall back

upon in case the United Kingdom maintain their present bargaining mood and decide to exploit the obvious analogy between Canadian purchases of Soviet coal and United Kingdom purchases of Soviet lumber.

9. I should greatly appreciate your comments on the different points brought out in this despatch in order to prepare the ground for subsequent instructions which it may be necessary for you to send me on the whole question of trade between Canada and the Soviet Union after the war.

I have etc.

L. D. WILGRESS

**75.** DEA/6226-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs to Ambassador in Soviet Union*

TELEGRAM 140 Ottawa, July 26, 1944

SECRET. Your despatch No. 172 of May 23rd, post-war trade with U.S.S.R.

1. Your despatch has been extremely helpful in stimulating interest not only in the particular problem of post-war trade with the Soviet Union but in the general problem of post-war export credits.

2. We have discussed your despatch interdepartmentally through the External Trade Advisory Committee and there is general acceptance of the necessity of putting ourselves in a position to extend credits. Enabling legislation is now before the House.[62]

3. With particular regard to the U.S.S.R., if you consider it advisable, you may advise the Soviet Union of the proposed legislation and sound them out as to the terms desired for such a credit if available — in particular the length of the credit, rate of interest and method of repayment.

4. There is evidence of a liberal attitude here toward imports. You and we might well explore at once the possibilities with a view to approaching a balance of trade. However we agree with your views on repayment as expressed in paragraph 8 of your despatch.

5. We are anxious to take prompt advantage of post-war trade opportunities with the Soviet Union. We would like negotiations to be in your hands and would welcome your advice as to what steps we should now take. Suggestions made here include, in addition to credits:

(A) Set industry to work to develop offerings. While we appreciate the overriding importance of long term trade, heavy industry particularly will need

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[62]La Loi a reçu la sanction royale le 15 août 1944. Voir Canada, *Statuts*, 8 George VI, chapitre 39.

The Act was assented to on August 15, 1944. See Canada, *Statutes*, 8 George VI, Chapter 39.

exports during the transition period to facilitate orderly reconversion. The continued supply of raw materials by our extractive industries may be possible.

(B) Initiate discussions with the Soviet Union on items clearly in long Canadian supply, chiefly surplus war assets.

(C) Send a mission to the Soviet Union and invite a Soviet mission to Canada. Would it be of assistance to you if we sent you two or three people to aid in the discussions?

6. We would welcome advice as to how the Russians will negotiate. Will direct negotiations with the Canadian industry, with the Government's help, be adequate, or would we fare better by conducting the negotiations on a Government-to-Government basis?

7. There is concern that in our immediate activities we might lose sight of our long run objectives and retard the return to multilateral trade. However, if credits and contracts deal only with trade in the transition period, this may be lessened. In the meantime we feel we cannot let trade opportunities escape because of uncertainties in the general position. As regards long term trade, we cannot at the present time enter into agreements inconsistent with multilateral trade for the establishment of which we are pressing with vigour. Should our efforts fail, we must be prepared to try to hold our own.

**76.** DEA/6226-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

TELEGRAM 219 Moscow, July 29, 1944

SECRET. Your telegram No. 140 of July 26th, regarding post-war trade with Soviet Union.

1. Have appointment with Vyshinsky on July 31st when I shall raise questions relating to post-war trade and suggest that he arrange for me to have preliminary discussions with Commissar of Foreign Trade.

2. First question to be settled is that of credits and then the kinds of goods the Soviet Union is likely to require. It would help me if you could indicate now whether the Canadian Government favours granting of straight credit, revolving credit or guarantee bank credits. Would also appreciate by telegram more information about nature of enabling legislation referred to in paragraph 2 of your telegram.

3. It would be premature to invite offers from Canadian industry or to initiate discussion about items in long Canadian supply until Soviet authorities indicate the kinds of goods they are likely to require. Chief requirements will

be in machines and appliances for industry which the United States are better able to supply than Canada. During the first few years consumer goods may be imported in large volume and during this period there will probably be a world shortage of these goods. Demand for raw materials of our extractive industries will be curtailed with cessation of abnormal war demands and Soviet industry should be able to supply bulk of reduced demand. Canadian surplus war assets will be mostly of same type as Soviet surplus war assets, although there may be some openings such as tank spare parts to repair automotive equipment.

4. Proposal for trade mission to Soviet Union may have some merit on publicity rather than practical grounds. Will explore possibilities of this later. Have no need of assistance for preliminary discussions but Commercial Attaché should be assigned to Moscow as already recommended. He will not have much to do until trade becomes active.

5. Regarding paragraph 6 of your telegram, Soviet organisations will place orders direct with Canadian industries (see my despatch No. 111 of August 25th).† Recommend that action of Canadian Government should be confined to granting of credits.

6. Regarding paragraph 7 of your telegram, extension of credits to the Soviet Union for purchase of Canadian goods is consistent with principles of multilateral trade provided that is repaid out of multilateral trade or in gold. We would be foolish to compromise our position or to injure prospects for international trade on a multilateral basis by adopting any practices akin to bilateral balancing even during transitional period. United Kingdom is being compelled to do this by reason of her precarious balance payments position. We shall also have problem of finding United States dollars until multilateral credit is established but trade with Soviet Union on bilateral basis will not help solve this problem. Moreover, capacity of Canadian market to absorb products indigenous to Soviet Union is strictly limited. Canadian industry should be fully occupied during transitional period of supplying deficiency of consumer demand while export trade can provide little help towards solution of problem which will confront heavy and extractive industries because their products will be surplus in all industrial countries. Hence trade with Soviet Union should be approached from long term standpoint and it is essential to guard against undue optimism based on inflated war demands.Ends.

7. Would appreciate if you could send me detailed statistics of Canadian trade with Soviet Union for last six years. Ends.

77. DEA/6226-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 249 Moscow, August 5, 1944

SECRET.

Sir,

I have the honour to acknowledge receipt of your telegram No. 140 of July 26th regarding post-war trade between Canada and the Soviet Union. I sent you a reply with my telegram No. 219 of July 29th and it now is necessary for me to elaborate in this despatch certain of the points dealt with in that telegram.

2. In paragraph 1 of my telegram No. 219 I stated that I was seeking an appointment with Mr. A. Y. Vyshinsky, Vice-Commissar of Foreign Affairs, on July 31st when I would raise with him questions relating to post-war trade and suggest that preliminary discussions on this subject be conducted with People's Commissar of Foreign Trade. My appointment with Mr. Vyshinsky was duly arranged and I am submitting herewith for your information a copy of a note verbale which I left with him. In taking this step I followed the procedure identical to that taken by the British Embassy when they presented a note verbale to the People's Commissariat of Foreign Affairs as referred to in paragraph 4 of my despatch No. 172 of May 23rd.

3. We had more than usual difficulty in decyphering your telegram No. 140 of July 26th and in order that there may be no misunderstanding, I am enclosing a copy of this telegram as decyphered at this end[1] and I should appreciate if you could point out any divergencies from the original text.

4. Underlying your telegram No. 140 of July 26th there appears to be the assumption that the Soviet Government will follow the policy of bilateral balancing of trade with the different countries and require Canada to accept Soviet products in repayment of the credit which we propose to extend for the purchase of Canadian goods. We have no indication as yet what will be the post-war policy of the Soviet Government in this respect but I should like to point out that before the war the Soviet Government did not follow the policy of bilateral balancing of imports and exports. They did conclude agreements with European countries on this basis, but this was on the initiative and insistence of the other countries who were parties to these barter agreements. With the rest of the world trade was conducted in accordance with the principles of multilateral trade.

5. The conduct of the State monopoly of foreign trade by the Soviet Government has been governed almost exclusively by commercial considerations ever since it was established in 1918. The trade organizations of the People's Commissariat of Foreign Trade have purchased and sold goods to the

best advantage in accordance with the same principles as govern the actions of private traders. The Soviet Government, like any other government, has endeavoured to secure as favourable opportunities as possible for the sale of Soviet products in other markets but they have used their buying power only when absolutely necessary to accomplish this objective.

6. Trade on the multilateral basis is much more satisfactory from the point of view of the State monopoly of foreign trade. This enables the Soviet Union to sell products in those markets where they will bring the highest prices and to purchase those goods which are most suitable for Soviet requirements. For instance, United States machine tools, machinery and appliances are the goods they are most anxious to obtain, but the United States market offers less opportunities for the sale of Soviet products than countries like the United Kingdom and Belgium. It is, therefore, to the advantage of the Soviet Union to be able to sell more than they buy in the case of countries like the United Kingdom and Belgium and use the surplus to help pay for the goods they are so anxious to secure from the United States. The bilateral balancing of trade would greatly reduce their freedom of action in this respect.

7. In view of these considerations I shall be surprised if the Soviet Government require that we should accept repayment of the credits extended to them in the form of Soviet products. They may very well raise the question of more favourable tariff treatment for their goods imported into Canada. In this event, we shall have to enter into negotiations for the conclusion of a commercial treaty or trade agreement on the usual lines. I think you will agree that this might be desirable, but it would be better to let the Soviet Government raise this point at a latter stage of the discussions.

8. For the present all that can be discussed are the question of credits and the kinds and quantities of goods the two countries can exchange with one another. We must remember that all the energies of the Soviet Government are still being directed towards the winning of the war. They are receiving nearly all the goods they would like to obtain from Canada under mutual aid. For this reason it would be premature and unwise to submit offerings of Canadian products for sale in the post-war period. This should come when the question of credits has been settled and the Soviet Government has taken steps to set up an organization for handling trade with Canada, indicating that they are ready for business. Just now they are definitely not ready for anything more than preliminary discussions along the lines indicated in the attached copy of the note verbale submitted to Mr. Vyshinsky.

9. I can see no advantage in the Canadian Government setting up a special organization to handle trade with the Soviet Union. The Soviet Government either will continue to handle trade with Canada through the Amtorg Trading Corporation and other Soviet Organizations in New York or more likely will establish a "Cantorg" Trading Corporation or some similar organization for the trade with Canada. It is true that this organization representating a State monopoly of foreign trade will have the advantage of being able to play one Canadian firm off against the other, but competition already exists in that Canadian firms will have to compete for Soviet business with individual

manufacturers in the United States and European countries and little would be gained by funneling Canadian offers through a Government agency. In fact I can see definite disadvantages as then our firms would not be able to exhibit the same skill in salesmanship and in "sharpening their pencils" as they would if they had to deal direct with the Soviet buying organization in competition with other manufacturers of the same type of goods both in Canada and in the United States.

10. We must clearly realise that Soviet import requirements are compiled on the basis of a carefully prepared plan. Only those goods included in the plan are purchased and up to the quantities specified in the plan. The Soviet buying organizations receive specific instructions to purchase in accordance with the plan and it is their duty to buy to the best advantage. Price, therefore, has an all-important influence in deciding on the source of supply, but no Soviet organisation will buy goods just because they are cheap. It is useless for Canadian firms to think that they can sell goods to the Soviet Union if they offer an attractive price. If the higher Soviet authorities have already decided that they do not need to import these goods or do not need to buy as much as the Canadian firm is offering to sell at the specially reduced price, no amount of persuasion will result in a sale.

11. I hope the members of the External Trade Advisory Committee have not been misled by journalistic exaggerations or by inflated war demands into assuming that the sales of Canadian products to the Soviet Union after the war are likely to be anywhere near on the scale of present shipments. There are definite opportunities for trade with the Soviet Union of which we must endeavour to take advantage, but the possibilities are definitely limited.

12. In paragraph 6 of my despatch No. 202 of June 23rd,[†] I mentioned that Mr. Mikoyan, People's Commissar of Foreign Trade, had told Mr. Eric Johnson, President of the United States Chamber of Commerce, that the Soviet Union will require to import four times the pre-war volume. Since total imports in 1938 were valued at $273,192,000 this would give an import volume valued at around a billion dollars, unless prices become very much more inflated than at present. It is not possible to tell what allowance, if any, Mr. Mikoyan was making for reparations from Germany. Obviously if the Soviet Union obtain large supplies of machinery and reconstruction materials as reparations from Germany their import needs from other countries will be reduced. Even allowing an importation from all countries, apart from reparations, of a value of around a billion dollars a year, Canada would be obtaining more than her full share of this trade if we secured 5 per cent or $50,000,000 a year.

13. Our probable exports depend very largely on the volume of shipments of wheat and flour. It is reasonable to expect that for some years the Soviet Far East will require imports of wheat and flour from abroad which will keep shipments from Canada up to the present level which represents a value of around $18,000,000 a year. The next most substantial item of our probable export to the Soviet Union after the war will be in the group of commodities embraced by the term "machine tools and miscellaneous machines." Under the

Third Protocol[63] our commitments for this group have a value of $12,000,000. Naturally these are comprised largely of general utility machines for making shells and other military essentials. After the war the emphasis will be on specialty machine tools and machinery for re-equipping Soviet factories and for installing new productive capacity for the manufacture of consumer goods. In this class of machinery the United States is much better equipped than Canada to supply Soviet requirements. Still the Soviet need will be so great that it is not unreasonable to expect a continuation for some years of shipments at nearly their present level which represent a value of around $12,000,000 a year.

14. We have recently sold to the Soviet Union outside of the protocol hydroelectric plant installations of a value of around $25,000,000. I understand from Mr. Sergeev[64] that some of the turbines had been constructed for a Canadian hydroelectric development which had not been completed. The need in the Soviet Union for electric power installations and electrical equipment of all kinds will be very great owing to the large amount of destruction to existing power plant during the war and the ambition of the Soviet authorities to develop as rapidly as possible the power resources of the country. There is some doubt in my mind as to the ability of our electrical industry to compete in normal times of peace with electrical manufacturers in the United States, the United Kingdom, Switzerland, Sweden and Germany. I know that before the war our leading electrical manufacturers were precluded by inter-company arrangements from offering most of their products for sale outside of Canada and Newfoundland. I should appreciate any information you could give me regarding this aspect of the situation. It would be worth-while if the Canadian industry could secure a few large orders from the Soviet Union for electrical equipment during the difficult reconversion period after the war, even if the long-term prospects for trade in this group of products are not favourable.

15. Mr. Mikoyan also told Mr. Eric Johnson that a substantial proportion of Soviet requirements would be comprised of consumer goods, but he was probably referring to the immediate post-war period when some effort must be made to relieve the acute famine of consumer goods in the Soviet Union. The policy of the Soviet Government has been and probably will continue to be to produce consumer goods at home rather than to utilise import resources for buying these goods abroad. They have been content to allow the population to go without such goods until they are able to import machines and start turning out the goods in their own factories. I see no reason why the Soviet Government should follow a different policy after the war. If so, the imports of consumer goods will take place only in the immediate post-war period when there is a world-wide shortage of such goods and when Canadian factories are busy making up the deficiency in domestic consumer demand. Any trade with the Soviet Union in consumer goods during this period, therefore, would not be of help to the employment situation in Canada and if the goods are sold to the

[63]Voir le volume 9, document 398./Volume 9, Document 398.
[64]Commissaire adjoint du peuple aux Affaires étrangères.
Deputy People's Commissar for Foreign Affairs.

Soviet Union on credit, such trade would not help our deficiency in United States dollars during the transitional period before multilateral clearing is established. For this reason, while we may obtain some orders for consumer goods in the immediate post-war period, I do not look upon this as a trade we should especially encourage because from the long-term point of view there will be no permanent market to be developed in the Soviet Union for goods of this character.

16. Before the war the Soviet Union was self-sufficient in iron and steel. There has been a great deal of destruction to iron and steel plants in the Donetz Basin, the Ukraine in 1938 having accounted for 61.6 per cent of pig iron and 47.8 per cent of rolled metal production for the whole of the Soviet Union. Judging from articles in the press, however, rapid progress is being made with the restoration of the Donetz Basin iron and steel industry. Every few weeks there are reports of newly restored blast furnaces being again producers of pig iron. In addition there has taken place during the war a great increase in iron and steel productive capacity in the Urals and in the Kuznetz Basin of Siberia. Output of iron and steel in the Urals is now double what it was in 1940, when this district accounted for about a fifth of total Soviet production. War demands have been enormous and great as though the demands for reconstruction may be they should not be beyond the capacity of Soviet industry. We can look, therefore, to little outlet in the Soviet Union for the products of our iron and steel industry to help it tide over the difficult reconversion period. There may be some imports of steel rails from Canada, but I should think the Soviet industry will be able to supply the requirements for this commodity as soon as it is freed from the necessity of producing iron and steel for munition purposes. Some flat cars may also be purchased from Canada during the first year or two after the armistice, although it is probable that Third Protocol shipments of these cars were to fill the gap in war-time demand for this type of rolling stock. In general I can see little prospect of the country that stood second in immediate pre-war world production of iron and steel requiring to import products of this type from Canada after the war.

17. We now have to consider another group of commodities which account for a large proportion of Canadian mutual aid shipments to the Soviet Union, viz., non-ferrous metals. In all cases the present shipments reflect inflated demands resulting from the war which will be sharply curtailed once the armistice with Germany is signed. Before the war the Soviet Union produced 87 per cent of normal requirements of aluminium. However, 72 per cent of the 1938 production of aluminium was in the Ukraine, where industrial plants and particularly electric power installations suffered greatly from the German invasion. It will take time for aluminium capacity in this region to be restored. In the meantime there has been a great increase in aluminium production in the Urals, that district now producing six times the quantity it did in 1940. A great deal will depend on post-war demand for aluminium, particularly for the aircraft industry. While some imports from Canada may be possible it may be expected that the Soviet Union for strategic reasons will seek to expand rather than curtail domestic production in order to make the country self-sufficient in

this metal. There will also be a large source of supply in the immediate post-war period through the possibility of reclaiming aluminium from disused military aircraft.

18. The Soviet Union has not been able to attain self-sufficiency in copper, the domestic industry accounting for only 58 per cent of pre-war requirements. While there has been a great expansion of output since 1940 in the Urals and in the Altai, it is probable that imports will be necessary in the post-war period and Canada may be able to participate in this trade. Before the war the Belgian Congo was an important supplier of Soviet requirements for copper.

19. The Soviet Union produced practically all of the domestic requirements of zinc and 77 per cent of that of lead in the pre-war period. The principal mines are at Chimkent in Kazakhstan and at Ridder in the Altai. Production is said to have increased since 1940 and post-war imports of lead will depend upon the relation of demand to current output. The same may be said to apply to nickel, but in the case of this metal the position is much more obscure because so little is known of Soviet production and the post-war demand cannot be gauged.

20. The above represents a preliminary survey of the probable outlets for the sale of Canadian products to the Soviet Union. It is based on such information as I have been able to gather which necessarily is very limited on account of the little data now being made public about Soviet production of industrial and mineral products. One of the chief purposes of the talks I am proposing to have with the People's Commissar of Foreign Trade will be to elucidate more of the facts respecting the opportunities for Canadian trade with the Soviet Union. From what I have said in this despatch, however, I think you will agree that it is important for us to approach this whole question of post-war trade with the Soviet Union from the right perspective and not to be carried away by false optimism engendered by enthusiastic well-wishers of good relations between the two countries or by our success in supplying the Soviet Union with some of the goods they have so urgently required to defeat the German armies. The post-war world will present a very different picture and we will have to compete for our share of Soviet trade against all other industrial countries of the world. For this reason we shall have to lay our plans with great care. We should not take advantage of some short-term opportunities if this will prejudice long-term trade.

21. On the question of imports of Soviet products into Canada you will note that in the attached note verbale, I have asked for information about any new Soviet products not exported to Canada before the war which the Soviet authorities believe might be sold in the Canadian market after the war. Of the pre-war exports from the Soviet Union to Canada the commodity which offers the greatest possibility for expansion is anthracite coal. Unfortunately, Soviet shipments of this commodity enter into direct competition with the product of what was before the war one of the most depressed industries of the United Kingdom. During the transitional period before multilateral clearing is established imports into the United Kingdom from sources outside of the sterling area will be regulated strictly according to the volume of United

Kingdom exports to the country in question. The United Kingdom will continue to buy Canadian wheat and bacon because they need them, but imports of many other commodities will be restricted on account of the unwillingness of the United Kingdom to allow Canada to accumulate sterling which will represent a liability the United Kingdom would have to take care of after multilateral clearing is established. For this reason we shall have to be careful not to make hasty commmitments to the Soviet Union or any other country regarding any commodity which is an important item of export from the United Kingdom to Canada. In the case of anthracite coal there is the further danger that the United Kingdom can always use the analogy between Canadian purchases of Soviet coal and United Kingdom purchases of Soviet lumber to curtail imports of lumber from Canada in favour of imports from the Soviet Union. This would have political repercussions in British Columbia and would be serious for the lumber industry of that Province if at the same time the barriers to the sale of Canadian lumber in the United States market had not been removed. For the present, therefore, I propose to proceed carefully on the subject of anthracite coal and will refer to you if the question of the sale of Soviet anthracite coal to Canada should be raised in concrete form during my discussions with the People's Commissar of Foreign Trade. I assume, however, that there will be no harm in telling him that the Soviet Union should be able to ship anthracite coal to Canada in quantities corresponding to those shipped before the war.

22. There is another possibility that may arise out of my discussions with the People's Commissar of Foreign Trade. The Soviet authorities may take the initiative in suggesting an understanding between the two countries in respect of lumber shipments to the United Kingdom market. This would bring us up against the whole post-war policy respecting commodity agreements and cartel arrangements. It would also have political repercussions which are difficult to foresee at this stage. An understanding between Canada and the Soviet Union probably would not be effective unless it also included other important suppliers of lumber to the United Kingdom, such as Finland and Sweden, and the conclusion I have reached is that it would be premature at this stage to discuss such a proposal. I shall immediately advise you if any suggestion to this effect is put forward by the Soviet authorities.

I have etc.

L. D. WILGRESS

[PIÈCE JOINTE/ENCLOSURE]

*L'ambassadeur en Union soviétique*
*au Commissariat populaire des Affaires étrangères*

*Ambassador in Soviet Union*
*to People's Commissariat of Foreign Affairs*

Moscow, July 31, 1944

The Canadian Embassy presents its compliments to the People's Commissariat of Foreign Affairs and has the honour to advise that the Government of Canada has instructed the Canadian Ambassador at Moscow to institute preliminary discussions with the Soviet Government regarding post-war trade between Canada and the Soviet Union. In this connection it is desired to bring to the attention of the Soviet Government that legislation is being introduced into the Canadian Parliament to give the Government of Canada authority to extend credits for the purpose of post-war trade.

It would be of great assistance to the Canadian authorities in studying the particular problem of trade with the Soviet Union if they could receive from the Soviet authorities an indication as to the terms desired for a credit covering Soviet purchases of Canadian products after the war, such as length of credit, rate of interest and method of repayment. It would also be of assistance to the Canadian authorities if the Soviet authorities could furnish particulars regarding the kinds and quantities of products which the Soviet Union will be interested in purchasing from Canada, provided it is possible to arrange for the extension of a credit satisfactory to the governments of both countries.

The Canadian authorities believe that there will be increased scope after the war for the sale of Soviet products in the Canadian market, but in this connection also it would be of assistance if they could be informed by the Soviet authorities of any products which were not exported to Canada from the Soviet Union before the war and which the Soviet authorities believe should be available for sale in the Canadian market after the war.

Finally the Canadian authorities would like to learn if it is the intention of the People's Commissariat of Foreign Trade to establish in Canada a special organization for the purchase of Canadian products and for the sale of Soviet products in the Canadian market.

The Canadian Embassy is of the opinion that the most practical method whereby a preliminary exchange of views concerning post-war trade between Canada and the Soviet Union could be effected would be for the Canadian Ambassador to discuss this question with the People's Commissar of Foreign Trade or with his deputy and the Canadian Embassy would appreciate if the People's Commissariat of Foreign Affairs could take the necessary steps to arrange for such a preliminary exchange of views.

**78.** DEA/6226-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs to Ambassador in Soviet Union*

DESPATCH 162 Ottawa, August 26, 1944

SECRET. Your telegram No. 219 of July 29, regarding post-war trade with Soviet Union.

1. We favour guaranteed bank credits as far as they are feasible. There may be cases where we will be willing to give a direct credit to another government but on the whole we think it wiser and sounder that an agency of a foreign government should contract in the usual way with our manufacturers or exporters and if such manufacturers or exporters are unable to handle the transaction through ordinary banking channels we should make the deal possible by insuring a credit under the first Part of our new Export Credits Insurance Act.

2. The Department of Finance is in agreement with your views in paragraph 6. They feel we should be careful to avoid undue optimism in these matters and also careful to avoid rushing in to offer credits to the Soviet Union before we are fully acquainted with the policy that is likely to be followed by the United States and the United Kingdom. They suspect that the U.S.S.R. is likely to play off one country against another and to drive very hard bargains both in regard to the term for which a credit is granted and the rate of interest applicable thereto. They think a term as long as twenty years is likely to be asked for and a rate of interest as much below 3% as possible.

3. Finance is anxious to learn what terms the United States is considering in connection with certain kinds of civil goods or, alternatively, for all goods supplied under the Fourth Protocol[65] after the German war is ended, and feel some consideration should be given to the point made by the British that the U.S.S.R. has ample gold reserves and no need for credit on unduly generous terms. What we do with the Soviet Union will undoubtedly influence our transactions with The Netherlands, Czechoslovakia, and other countries which have already approached us for export credits of one type or another. We have offered the Soviet Union a twelve-year 3% credit in connection with the Hydro Electric equipment deal now under negotiation with Canadian companies. We expect the Soviet Union is holding off acceptance of these terms because she expects better terms from the United States.

4. We are forwarding statistics on prewar Canadian trade with the Soviet Union,† and a copy of The Export Credits Insurance Act.

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[65]Voir le volume 10, documents 576 et 597.
See Volume 10, Documents 576 and 597.

**79.** DEA/6226-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 315 Moscow, September 17, 1944

Sir,

I have the honour to refer to my despatch No. 172 of May 23rd, 1944, in which I outlined the discussions regarding the extension of credits by the United Kingdom Government for the purpose of financing post-war exports to the Soviet Union. In this despatch I propose to bring you up to date on the developments which have taken place since the above despatch was written.

2. Mr. Charles Gifford, the Commercial Secretary of the British Embassy, had an interview in June with Mr. Krutikov, the Vice-Commissar of Foreign Trade. In this conversation Mr. Krutikov made it clear that what the Soviet Government wanted was a long-term credit of twenty-five years. This was to apply not only to trade during the immediate period commencing with the cessation of hostilities with Germany and extending until the conclusion of a comprehensive commercial agreement between the two countries but also to non-military deliveries under the Fourth Protocol now being negotiated. In other words, the Financial Agreement of August 16, 1941, was to be set aside immediately and its place taken by a new agreement of which the essential feature would be the extension of a long-term credit of twenty five years granted by the United Kingdom Government to finance non-military exports to the Soviet Union both prior to and after the cessation of hostilities with Germany.

3. After this proposal was reported to London a reply was received instructing Mr. Gifford to come to London for consultation. He left at the end of June and only returned on September 3rd. He brought back with him detailed instructions covering a coun'er-proposal to be submitted to the Soviet Government. This counter-proposal was embodied in a long note addressed to Mr. Krutikov and signed by Mr. Gifford. A copy of the note was also sent to Mr. Molotov by the Ambassador. The note was dated September 10th, and the following day Mr. Gifford called on Mr. Krutikov and had a long discussion with him on the whole subject.

4. The note commenced with a frank statement of the financial position of the United Kingdom after the war. It pointed out that in the prosecution of the war the United Kingdom has had to liquidate foreign assets to the total value of £1,000,000,000 and to increase her external debt from £500,000,000 to £3,000,000,000. This means that after the war the United Kingdom at a time when her receipts from overseas investments are greatly reduced will have to export each year £100,000,000 worth of goods for which no equivalent in imports will be received. This financial position makes it very difficult for the

United Kingdom to sell on other than a cash basis and renders impossible the granting of long-term credits.

5. A comparison was then given of the situation in the United Kingdom with that in the Soviet Union. It was pointed out that, while the Soviet Union had suffered terrible devastation, many of the materials required for reconstruction were found within the country and with the recovery of the Ukraine self-sufficiency in food should once more be attained. In contrast the United Kingdom had to import a great deal of the raw materials and food required to maintain the economy of the country. Finally a reference was made to the large gold reserves at the disposal of the Soviet Government.

6. The note then went on to outline the counter-proposal. This took the form of a five-year credit of £30,000,000, of which not more than £6,000,000 may be used in any one year, although in the later years this figure may be exceeded if the full amount of £6,000,000 has not been utilized in any one year. The credit may be drawn upon by Soviet buying organizations in the United Kingdom for the purpose of effecting *40 per cent* of the payments due on contracts placed with United Kingdom manufacturers of *industrial equipment*. Provision will be made to safeguard against credit being granted on the same contract both by the manufacturer and by the government. In other words, the credit may be utilized only in the case of goods sold on a cash basis. The credit will be administered by the Export Credits Guarantee Department. While the use of the credit is confined to *industrial equipment* and then only on the conditions described above the note states that in respect of all other transactions exports to the Soviet Union will be accorded the same facilities as exports to any other country. The sums advanced under the credit will be repayable after five years and the rate of interest will be 2¼ per cent.

7. In the meantime the provisions of the United Kingdom-Soviet Financial Agreement of August 16, 1941, will be applicable to (a) all orders for non-military goods under the four protocols and (b) all orders for non-protocol goods placed before January 1st, 1945. The United Kingdom Government, however, agrees to reduce the rate of interest on payments due under the Agreement from 3 to 2¼ per cent. Before Mr. Gifford had left for London Mr. Krutikov had stressed the onerous nature of the provisions of the Financial Agreement of August 16, 1941, objecting particularly to the payment of 40 per cent in cash and payment of the balance over three to seven years. He had proposed instead a long-term credit of twenty-five years. The only concession offered by the United Kingdom note is the reduction in the rate of interest.

8. Mr. Gifford had a four hour discussion with Mr. Krutikov at the meeting on September 11th and the latter made it plain that the United Kingdom counter-proposal was quite inacceptable to the Soviet Union. A written reply to the note was promised but this has not yet been received. Very wisely Mr. Krutikov in his discussion with Mr. Gifford did not question the seriousness of the United Kingdom financial position, but stressed the economic plight in which the Soviet Union would find itself as a result of the war. He called attention to the destruction of Soviet assets and the long time it would take for exports to recover their pre-war volume. He emphasized particularly the

exaggerated notions entertained abroad about the size of Soviet gold reserves and said that due to the concentration of effort on the war it had been possible to spare very little labour for the mining of gold. He mentioned that the United States authorities were taking a much more realistic view in that they had already agreed to the extension of long-term credits and he intimated that unless the United Kingdom did likewise their participation in Soviet import trade would be restricted to goods which the Soviet Union could not obtain from the United States.

9. From this you will observe that the negotiations about credits are taking their anticipated course and the Soviet representatives are unable to refrain from playing off the United Kingdom and the United States against one another. Mr. Gifford told me that according to the information they have received there have been no discussions between the United States and the Soviet Union regarding credits for financing post-war trade. All that has taken place is that in accordance with the provisions of the Lend-Lease Act there have been negotiations respecting payment for deliveries under the Fourth Protocol which are shipped after the cessation of hostilities with Germany. For these deliveries the United States authorities have agreed to accept payments commencing after ten years and extending over the ensuing twenty years. No doubt this will have an important influence on the granting of future credits and Mr. Krutikov is justified to this extent in stating that the United States authorities have recognised the necessity for long-term credits.

10. Mr. Gifford did not know the rate of interest to be charged by the United States on the cost of the post-war deliveries under the Fourth Protocol. He assumed that it would be the rate at which the United States Government is able to borrow plus a handling charge of one eight of one per cent. This is the formula used by the United Kingdom Government in justifying the rate of interest of 2¼ per cent. The note which Mr. Gifford submitted to Mr. Krutikov pointed out that there were no United Kingdom obligations with a five-year maturity outstanding but National War bonds bearing interest at 2½ per cent and maturing in ten years were selling at par and this probably was the best index available.

11. On this basis it would appear that our offer to the Soviet Union of a twelve-year credit with interest at 3 per cent in connection with the supply of hydroelectric equipment provides for a rate of interest slightly too high in comparison with competing offers of credits to the Soviet Union being made by the United Kingdom and the United States. Possibly a fifteen-year credit at 3 per cent interest would be more in line. In any event it is important for us to note the limitations which the United Kingdom is placing on the credits offered to the Soviet Union for the purpose of post-war trade. The most significant of these limitations is that the granting of credit is confined to the supply of industrial equipment. This is a very sensible approach to the problem and we should give consideration to a similar limitation. It is obvious that the Soviet Union should pay cash for the consumer goods urgently required but not coming within the category of relief supplies. This would apply to our sales of wheat and flour. It would also be applicable to any other types of consumer

goods we may be in a position to supply. The same considerations would hold good in connection with the products of our extractive industries, all of which are raw materials for Soviet industry. This would narrow the field for the granting of credit down to the supply of machine tools and other industrial equipment. I have pointed out in previous despatches that in this type of equipment our industry is not nearly so well placed to supply Soviet requirements as the highly specialized machinery industries of the United States and the United Kingdom.

12. While recognising the validity of these arguments we have to bear in mind that after the domestic deficiency in consumer goods has been filled Canadian industry will be greatly in need of export outlets. From the long-term point of view, therefore, trade with the Soviet Union will have a certain importance for the Canadian economy. Canada is in a better position to extend credits for post-war trade than the United Kingdom. Accordingly we should be influenced less by what the United Kingdom is able to do and more by what the United States is likely to do. In view of our relative disadvantage in competing with other countries for the supply of industrial equipment to the Soviet Union, it would unduly prejudice the positive results to be gained from the granting of credits if they were to be confined to financing shipments of industrial equipment. The Canadian Government will be under domestic pressure to grant facilities for the sale to the Soviet Union of certain products, e.g., live cattle. In view of these considerations it would be preferable to exclude from the scope of the credits only goods which obviously should be sold on a cash basis. This could be accomplished by entrusting to the Exports Credits Insurance Corporation the administration of the credits granted to the Soviet Union.

13. I have not had any reply to the note which I left with Mr. A. Y. Vyshinsky, Vice-Commissar of Foreign Affairs, on July 31st (see paragraph 2 of my despatch No. 249 of August 5th). This is not surprising because the Soviet Government is not in the habit of dealing promptly with general requests of this character. My own view is that we should not force the pace and I am glad to see from your telegram No. 162 of August 26th that this view is shared by the Department of Finance. I consider it is to our advantage to await the outcome of the latest United Kingdom proposal and particularly the steps which the United States will take in regard to the financing of post-war trade with the Soviet Union. On this latter subject it is very difficult to obtain information here as the officials of the United States Embassy are reticent in talking about the negotiations of the Treasury Department in Washington with Soviet representatives.

14. It is obvious that all I can do here is to have preliminary conversations with the People's Commissar of Foreign Trade and that detailed discussions regarding terms of credit will have to be conducted in Ottawa. I shall do my best, however, to keep you informed and will advise you of such developments as come to my knowledge. I should also appreciate receiving any information that may become available in Ottawa respecting the conditions under which Canadian trade with the Soviet Union after the war should be financed.

15. I shall be submitting a later despatch[1] on the subject of Soviet gold reserves. Mr. Gifford is inclined to the view that stocks of gold are not much greater than at the beginning of the Soviet-German war and he thinks the estimate of Lord Keynes to be far too high. He agrees with me, however, that in view of their almost unlimited labour resources it is unlikely the Soviet Government permitted gold production to be reduced to any great extent during the war. The only disappearance of which Mr. Gifford is aware is the shipment of gold to the United Kingdom to meet obligations under the Financial Agreement of August 16, 1941. Mr. Gifford did not have any exact figure of the total shipments of gold to the United Kingdom but hazarded the guess that they could have reached the total of £40,000,000 during the period from June, 1941, to date. Even this figure seems to be on the high side, but I have not yet had the opportunity of going into this subject in any detail.

I have etc.

L. D. WILGRESS

**80.** DF/Vol. 4322

*Mémorandum du ministère des Finances*

*Memorandum by Department of Finance*

[Ottawa,] October 20, 1944

MEMORANDUM TO DR. CLARK

I received from you the other day a copy of Wilgress' despatch No. 315 of September 17th, regarding credits for Russia. This is a very useful and interesting despatch, like most of them, but there is one point in it which seems to me unjustified and I want to draw it to your attention. Speaking of the U.K. policy in regard to credits for Russia, he says "the most significant of these limitations is that the granting of credit is confined to the supply of industrial equipment. This is a very sensible approach to the problem and we should give consideration to a similar limitation." Then he goes on to say that it is obvious that Soviets should pay cash for consumer goods, and implies the same in regard to raw materials, and so forth.

It seems to me far from obvious that this is the case except on an analogy with domestic business which is false. I can quite understand the U.K. putting this limitation in. In the first place, they are obviously reluctant to grant any credits to Russia, presumably for the very good reason that they need to get imports for as much as possible of their exports. Secondly, the U.K. has to import nearly everything else but industrial equipment and it would clearly not wish to re-export consumer goods or raw materials on credit. Finally, of course, U.K. foreign investment has traditionally been associated with the export of capital goods and the building up of industries or transport abroad.

It may seem uneconomic for a country to import other than capital goods on credit on the analogy of an individual where the purchase of consumer goods on credit is frequently considered to be either immoral or evidence of financial weakness. I think that in the case of a country, however, one must take into

account all the circumstances, and there may even be situations where an import of foodstuffs, raw materials or even consumers goods can be justified; for example, in the case of Russia it may be quite important to give the civilian population whatever consumers goods are possible in the next few years if only for the purpose of recompense for the tremendous sacrifices they have endured. On the other hand, there is clearly enormous capital development to be done at home. However, Russia's credit is good and her future export possibilities would seem to be substantial, particularly with the advantage of her state-directed economy. In these circumstances it seems to me that it may be the sensible policy for Russia to so dispose her economic resources as to engage in capital reconstruction at home and the preparation for the production of consumers goods, while at the same time importing certain consumers goods as well as raw materials from abroad if she needs raw materials.

I raise this point not as a purely academic criticism of an otherwise valuable despatch, but because it seems to me we, in Canada, may have a particular interest in this question if we are a producer of raw materials, foodstuffs and possibly other consumers goods. As you know, I have raised it in the case of China, but I can quite understand that China's case is different from that of Russia, and China may legitimately feel that her credit resources and other foreign exchange resources are so slender that she can afford to use them only for the most urgently needed capital equipment.

R. B. BRYCE

**81.** DEA/6226-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

TELEGRAM 353 Moscow, December 15, 1944

SECRET. My telegram No. 219 of July 29th regarding post-war trade with the Soviet Union.

1. Mikoyan, Commissar of Foreign Trade, received me on December 11th. Interview was not successful in eliciting any information regarding Soviet views on possibilities of Canada supplying their post-war requirements. In general, discussion turned out much as I expected and indicated, first question to be settled is that of credits.

2. I commenced discussion by enquiring if he thought we were in a position to supply their post-war requirements for a series of commodities. His reply to each was the same — that it was not possible for him to discuss details until he knew the conditions under which we were prepared to sell. He would not even commit himself on such relatively simple commodities as flour, metals and live cattle. His general attitude was that we had taken the initiative and should submit concrete proposals. I could not obtain any indication about their general views on post-war requirements. His reply was that their plans had not yet been

worked out. At no stage of the discussion was there any hint of bilateral balancing.

3. Sensing that Mikoyan was waiting for me to introduce subject of credits, I asked him if he could indicate what credits they had in mind for durable goods not usually sold on cash basis. His reply was that we should submit proposals, but he then mentioned that Stepanov[66] was negotiating with the United States Government and it had been agreed that repayments should commence in the ninth year, continuing until the thirtieth year. Rate of interest had not yet been settled. They were asking for 2.1 and had so far been offered 2.38 percent. In reply to my enquiry, he said this proposal related to heavy industrial equipment as well as to goods supplied under the Fourth Protocol after the German war is ended.

4. British Commercial Secretary has informed me that there have been no new developments in situation reported to you in my despatches No. 315 of September 17th and No. 386 of November 3rd.[1]

5. On the question of organisation for handling trade with Canada, Mikoyan said AMTORG was now out of date. New forms of organisation would have to be established, but their plan had not yet been worked out.

6. Interview ended on friendly note. Mikoyan said good relations had been established between the two countries and he felt problems relating to post-war trade could be settled on basis satisfactory to both countries.

**82.** DEA/6226-40

*Le sous-ministre des Finances*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Finance*
*to Under-Secretary of State for External Affairs*

PERSONAL Ottawa, December 26, 1944

Dear Norman [Robertson],

We hear from several indirect sources, including Moscow, of the attitude of the United States authorities towards credits to Russia. The latest report is that the United States is willing to consider a thirty-year credit for a very large amount, with payments beginning in the ninth year and with an interest rate exceeding 2% by an amount which is still a subject of controversy. There are also various reports as to the terms on which Russia will settle for industrial equipment and civilian supplies requisitioned under the new Protocol if all deliveries have not taken place by the time the German war ends and if Russia is not then a participant in the war against Japan.

It seems obvious to me that the Russians and perhaps also the governments of certain other countries will play one country off against another in negotiating for export credit terms and that it may be unfortunate if the

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[66]M. S. Stepanov, commissaire adjoint du peuple au Commerce extérieur.
M. S. Stepanov, Assistant People's Commissar for Foreign Trade.

creditor countries compete too strenuously with each other in the attempt to get export business on a long-term credit basis. Do you not think it would be a good thing to have Mike Pearson discuss frankly the whole situation with the United States Government and get as much information as possible in regard to their attitude, perhaps with a view to exploring the desirability of acting on some concerted basis?[67]

Yours very truly,

W. C. CLARK

**83.** DEA/6226-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 14 Moscow, January 5, 1945

Sir,

I have the honour to report that on December 27th I had a long conversation with Mr. A. W. Harriman, the United States Ambassador, during the course of which we discussed the question of the granting of credits for the purpose of financing post-war exports to the Soviet Union.

2. Mr. Harriman took the broad and very sensible view that, while it would not be wise to give the impression of ganging up on the Soviet Union, the leading exporting countries should be careful to avoid competitive bidding with one another for Soviet trade by trying to outdo each other in the granting of credits. In his view it would be to the interest of the United States to allow the United Kingdom and other European countries to obtain their fair share of Soviet business. This would make it easier for them to purchase the goods they require to import from the United States. On this account he considers it would be mistaken policy for the United States to use their financial power to grant credits to the Soviet Union for the purpose of taking business away from other countries. In his view the granting of credits should be solely for the purpose of enabling the Soviet Union to obtain goods which otherwise they would be unable to import from the United States or any other country.

3. To illustrate his point Mr. Harriman mentioned certain transactions before the war of the United States Export-Import Bank. An order had been obtained from Brazil for locomotives at a price considerably higher than the quotations of United Kingdom manufacturers who had been accustomed to supply the Brazilian railways. The Export-Import Bank had deliberately arranged for the extension of credit terms sufficiently attractive to secure the business for the United States notwithstanding the non-competitive character of the offer of the

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[67]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
Copy given to L. B. P[earson] who will follow this up in Washington. R[obertson]

United States manufacturer. Mr. Harriman said there was no sense in this type of high-pressure financing of foreign trade and if applied after the war to trade with the Soviet Union it would lead to disaster. There was room for every country in the Soviet market. In a broad range of industrial equipment the United States was the only country capable of supplying the exact type of product the Soviet authorities wished to obtain. There were other products on the border line for the supply of which a number of countries would be competing, but here quality and price should be the governing consideration rather than availability of state-sponsored credit on generous terms.

4. When he visited the United States in October and November Mr. Harriman was greatly relieved to find that these views were shared to a very large extent by Mr. Morgenthau and the officials of the Treasury Department. They recognized the vital need for the United Kingdom to export on a larger scale than before the war and realised that it would be contrary to the long-run interests of the United States to pry trade away from the United Kingdom by granting credits on terms more liberal than purely financial criteria would justify. He had been relieved to find this attitude in the Treasury Department because when visiting New York before seeing Mr. Morgenthau he had found people full of recriminations against the United Kingdom for their plans to promote exports at the expense of United States trade.

5. Finding Mr. Harriman expressing views that so coincided with my own I was encouraged to elaborate what for many years has been a favorite thesis of mine. This is that it is just as discriminatory in its effect to grant loans to other countries under the condition that the proceeds are spent in the lending country as it is to grant a tariff preference in favour of the products of one country over those of another. Both make it more difficult for the country discriminated against to obtain the currency of the other country and be able to buy more of that country's goods. To my great regret I found that Mr. Harriman was not prepared to go along with me as far as that. He said it would not be politically feasible for any institution supported by the United States Government to grant loans the proceeds of which would be spent in some other country. It is this reluctance of United States Liberals to go the full length in their liberalism and their lack of full recognition of the vital need of educating their remarkably responsible public opinion that I find so discouraging for the future.

6. On the more specific question of post-war credits to the Soviet Union, Mr. Harriman told me that when he was appointed Ambassador in October, 1943, the President asked him to sound out the Soviet authorities as to what financial assistance they had in mind receiving from the United States for the purpose of post-war reconstruction. He had several talks on the subject with Mr. Mikoyan, People's Commissar of Foreign Trade, shortly after he arrived in Moscow. Mr. Mikoyan eventually said they would like credits at a rate of interest of one half of one per cent with repayment commencing in the fifteenth year and extending over the next twenty years. This would mean that it would be thirty five years before the credits would be repaid in full. Mr. Mikoyan had explained that it would be fifteen years before they had completed the restoration of the country and would be in a position to commence paying off

the credits received for reconstruction. As regards the rate of interest he was not in the slightest degree perturbed when Mr. Harriman pointed out that the rate proposed was far below that at which the United States Government could borrow.

7. Since then the negotiations have been transferred to Washington. Mr. Stepanov, a member of the Soviet delegation to the Bretton Woods Conference remained over in the United States to conduct negotiations with Mr. Dean Acheson of the State Department regarding credits for heavy industrial equipment of a type which obviously could not be supplied under Lend-Lease and the terms for payment of goods ordered under the Lend-Lease Act but not shipped at the time hostilities with Germany ceased. These negotiations have been carried on for some months. Agreement has been reached that repayment should commence in the tenth year and extend over the ensuing twenty years. The United States Government have offered a rate of interest of two and one third per cent but the Soviet Government are sticking out for the two per cent. In this connection, however, I believe the rates of interest of 2.38 and 2.1 per cent respectively quoted to me by Mr. Mikoyan are more correct. (See my telegram No. 353 of December 15th). Mr. Harriman probably was talking in round figures. I also believe that the rate of 2.38 per cent offered by the United States Government represents the rate at which they are able to borrow plus a handling charge of one eighth of one per cent. This is what Mr. Gifford, the United Kingdom Commercial Secretary, told me was the basis of both the United States and United Kingdom offers (See paragraph 10 of my despatch No. 315 of September 17th).

8. Mr. Harriman said that Mr. Acheson has been showing the greatest patience in his talks with Mr. Stepanov. He has tried to understand all of their counter-proposals and has gone to great pains in explaining why it is not possible for the United States Government to agree to their proposals. For instance, Mr. Stepanov had claimed that it was not right that the United States tax on corporation profits should be included in the price of machinery sold to the Soviet Government, presumably on the grounds that no money should accrue to the United States Government on business with the Soviet Government. Notwithstanding all the consideration shown by Mr. Acheson in his discussions with Mr. Stepanov, Mr. Mikoyan had complained to Mr. Harriman that Mr. Acheson was being very unreasonable. From this and other evidence Mr. Harriman has come to the conclusion that Mr. Mikoyan as a typical Armenian is applying the technique of the carpet trade to international financial transactions. On a number of occasions he has mentioned to Marshal Stalin that Mr. Mikoyan is unduly tough, but he thinks Stalin probably thought he was being complimentary in a jocular way. The next time he will try to impart more seriousness to this observation.

9. Signs are not wanting that the Soviet authorities have not grasped the practicality of United States lend-lease operations and that they misinterpret United States magnanimity and generosity. Mr. Harriman told me that when the dispute arose over the seizure of oil-well equipment belonging to American oil companies in Roumania, Mr. Vyshinsky suggested to the United States

representative that the United States Government should compensate the oil companies and charge the equipment up to shipments under the Lend-Lease Act. The Soviet Government have read so often that the contributions of other countries under Lend-Lease and Mutual Aid are small compared with the great sacrifices of the Soviet Union in human and material resources that they have derived the impression there is still a large credit balance on which they are entitled to draw.

10. Mr. Harriman said they were having great difficulty in Washington over reiterated Soviet requests for inclusion in the Fourth Protocol of industrial equipment which could not possibly be justified for its war use. For instance, they had asked for the most up-to-date equipment to be installed in the coal mines of the Donetz Basin. This included not only the latest coal-cutting devices, but also conveyor belts for bringing the coal to the shaft. It was the type of equipment the United States Government would not permit their own coal operators to obtain during the war. When this was pointed out to him the Soviet representative replied that this was quite understandable because the United States mines were operating whereas those in the Soviet Union had been destroyed and should be re-equipped as soon as possible with the very latest type of equipment. The United States authorities have agreed to supply under Lend-Lease a very large amount of equipment for restoring the Donetz Mines, but much to the disappointment of the Soviet Government they have refused to authorise the manufacture for Soviet requirements of the latest frills in coal-mining technique.

11. Some of the latest type of equipment which the Soviet Government wished to obtain was produced in the city of Indianapolis. The Soviet representative had confronted the United States authorities with figures showing the availability of steel, copper and other materials required to manufacture the equipment. He had then been told that the manufacture of the equipment could not be authorised on account of the shortage of labour. A few days later he appeared again with evidence that there were two thousand unemployed in Indianapolis. The fact that these unemployed were clothing rather than steel workers left him unmoved. The next step was a petition from the Indianapolis Chamber of Commerce who had been approached by the manufacturer of the equipment urging that the contract should be placed in view of the employment situation in that city. This tactic bears close resemblance to the breaking off by the Soviet Trade Delegation in London of negotiations with United Kingdom manufacturers of automatic telephone and electrical apparatus on the grounds that the United Kingdom Government were not prepared to grant sufficiently long terms of credit to the Soviet Union (See paragraph 3 of my despatch No. 386 of November 3rd, 1943).' It is clear that the Soviet authorities are not above exploiting the selfish interests of private firms in capitalist countries to further their economic aims.

12. My conversation with Mr. Harriman did not disclose what type of financing of post-war trade with the Soviet Union the United States Government had in mind. I derived the impression that they are not yet clear as to whether this should be done by direct loans, by operations of the Export-

Import Bank, by government-guarantee of private bank credits or by the private banks themselves without government intervention. Mr. Harriman mentioned that the Johnson Act was still an obstacle to advances to Soviet Government organisations by the Export-Import Bank and presumably would preclude any form of United States government loans to the Soviet Union. It appears all that has been discussed so far has been the financing of shipments having some connection with the war and arising out of the operations of the Lend-Lease Act. I should be most grateful to you for any background information on this subject you may be able to supply, based on the information already available to the Department of Finance.

13. Our own course is clear. We should continue to do everything possible to watch the situation closely but should refrain from making any direct offers of credits to the Soviet authorities until the time is right. This I consider will be either when hostilities with Germany cease or when the United Kingdom and United States Governments complete their negotiations for the financing of post-war trade with the Soviet Union, whichever is the earlier. It is particularly important for us to know how far the United States Government are prepared to go and I see no good purpose served by entering into discussions with the Soviet authorities until the United States situation is clarified. In The Export Credits Insurance Act we have ready at hand the machinery for taking advantage quickly of opportunities for business with the Soviet Union that may arise after the war and it is still too early to judge the exact extent to which this country will offer a market for our products. Before the war trade between the two countries was practically non-existent and it is difficult to see how a country, whose imports are likely to be largely confined to capital goods, can offer much scope for Canadian exports, unless our more developed engineering industry proves to be better able to compete internationally than it did in the past.

I have etc.

L. D. WILGRESS

**84.** DEA/6226-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-182 Washington, January 10, 1945

IMMEDIATE. Following for Robertson from Pearson, Begins: Dr. Clark's letter to you of December 26th on the attitude of United States authorities towards credits to Russia. Plumptre has discovered from F.E.A. via Oscar Cox that a couple of months ago a proposal was made to the Russians to give them credits in relation to capital equipment on the following terms. The rate of interest was to be 2¾ percent. The loans were to extend over a period of 30 years. The first principal repayment was to be due on the last day of the ninth year. Since this

proposal was submitted to Moscow there has been no reply. This is interesting in view of Bill Batt's[68] insistence at a meeting of the Joint War Aid Committee some months ago that it was essential that Canada and the United States should work together in putting forward financial terms to the U.S.S.R.

Plumptre will be in Ottawa tomorrow and might be able to talk to you about this matter. Ends.

**85.** DEA/6226-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs to Ambassador in Soviet Union*

DESPATCH 96 Ottawa, March 20, 1945

SECRET

Sir,

I reply to your despatch No. 14 of January 5th on the subject of the granting of credits to the Soviet Union.

2. Your despatch, and in particular your remarks on tied loans, aroused a great deal of interest. The attached memorandum includes many of the views stimulated into expression by your despatch.

3. On the subject of the actual course of our negotiations with the Soviet authorities over export credits, the arrangements already concluded with the Soviet Government under the Export Credits Insurance Act relate only to guarantees to make possible the provision of credit during the period of production for the goods which Russia has ordered. We are still waiting on the Russians to take the initiative in coming forward again to resume discussions on the longer term credits which they wish to receive, and from the proceeds of which they will make the payments for the various items of electrical equipment which are now being produced for them and for others for which they may place contracts in the near future. Incidentally, the number and value of the contracts placed up to date are very much less than was contemplated a year or so ago. Deliveries under the contracts already placed will presumably commence next summer, and certainly by September at the latest. Consequently it will be necessary for us to conclude some further credit arrangements with the Russians by that time. It is our belief that the Russians are deferring any approach to us on the terms of export credits until they have completed negotiations with the U.S. Government. For this reason, it appears as though the deferment which you suggest in the opening sentences of

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[68]W. C. Batt, président adjoint, Commission de la production de guerre des États-Unis; représentant américain, Commission composée des matières premières et Commission composée de la production et des ressources.
W. C. Batt, Vice Chairman, War Production Board of the United States; U.S. representative, Combined Raw Materials Board and Combined Production and Resources Board.

paragraph 13 will likely occur without our deliberately putting off negotiations. On the other hand, we cannot put them off for many months longer. Secondly, it should be noted that the Russians have now agreed to purchase on credit terms still to be negotiated industrial equipment which has been ordered by the Mutual Aid Board for Russia but which remains undelivered at the conclusion of hostilities. As yet neither the Russians nor ourselves have taken any initiative in opening discussions on the terms of credit to be applied in these transactions. I assume that the Russians will wish to take up this at the same time as credits for the electrical machinery are discussed, and will themselves wish to wait until the U.S. situation is clarified.

4. On the subject of the difficulties which the United States authorities had over the Soviet requests for the inclusion of industrial equipment in the Fourth Protocol: The U.S.S.R. requested approximately $1,818,168,000 of industrial equipment. This total includes $126,517,000., estimated as undelivered from old orders of June 30, 1944; $224,369,000. authorized under the terms of the Third Protocol for delivery in the Fourth Protocol period; and $1,467,282,000. of new requests. The offering of the United States, as contained in their Schedule of Supplies attached to the Fourth Protocol, totalled $1,132,453,000. The old orders and the orders authorized during the Third Protocol for delivery during the Fourth will be made available during the period of the Fourth Protocol. The U.S. undertakes to consider the placement of new orders not to exceed $300,900,000. Items to the value of $481,807,000., regarded by the U.S. as requiring a long period to produce and as having a long period of useful life, will be subject to the terms of a proposed agreement supplementary to the Mutual Aid Agreement; and the Russians are also free to place orders for this class of equipment without the financial assistance of Lend-Lease.

5. The U.S. have been for some time exercising care in the use of Lend-Lease funds to ensure that supplies with post-war value were not made available. You may have hear that the House of Representatives in passing, last week, the Bill to extend the Lend-Lease Act for one year from June 1, 1945, added an amendment prohibiting the use of Lend-Lease funds for post-war relief, rehabilitation or reconstruction of foreign countries. The measure passed by a vote of 354 to 28 when the amendment was added after encountering considerable opposition in its unamended form.

6. We had hoped that by now we would have signed in Ottawa the Fourth Soviet Protocol since the period it covers expires June 30,1945. Arrangements had all been made indeed for signing last week, but last minute differences arose between the Soviet and the U.S. and U.K. Governments over the schedule of supplies. The signing has been postponed *sine die*.[69]

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[69]Le protocole fut signé le 17 avril 1945. Voir le volume 10, document 597.
The Protocol was signed on April 17, 1945. See Volume 10, Document 597.

7. I take this occasion to tell you that all your despatches have been most helpful. We give them wide circulation and they are warmly welcomed.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum*

*Memorandum*

SECRET

The Canadian Ambassador to the U.S.S.R. in his despatch No. 14 of January 5th, concerning post-war credits for the purpose of financing post-war exports to the Soviet Union, discussed the general effect of tied loans.

It is his view that "it is just as discriminatory in its effect to grant loans to other countries under the condition that the proceeds are to be spent in the lending country as it is to grant a tariff preference in favour of the products of one country over those of another" and he regrets the reluctance of the United States Government to recognize this similarity.

While the analogy drawn between a preferential tariff and a tied loan is useful, it should not be pressed too far. A loan usually covers a shorter period of time than is contemplated by a tariff and it is usually open to any third country, which feels that it is being the victim of discrimination, to offer a loan on equally generous terms. Preferential tariffs favour imports from another country over those from a third country. Tied loans have no such effect. A better analogy is afforded by export subsidies which favour the exports of a particular country unless the subsidies are matched by similar action in other countries, and this is the effect of tied loans. However this may be, a tied loan can certainly operate as a form of discrimination and has certain points of resemblance both with long-term contracts and with export subsidies.

If the Canadian Government decides to discuss the question of tied loans with the Government of the United States in connection with proposals which have been made from time to time regarding future commercial policy and in connection with the inclination which the United States have shown to object to long-term contracts between the Dominions and the United Kingdom, it would be necessary to admit that in many cases it makes very little difference whether a particular loan is tied or free. These are the cases in which the supplies which the borrowing country procures would have to be obtained by it from the lending country even if the loan had not been tied — cases, that is to say, in which the lending country is the best source of supply under competitive conditions. Most operations in a sellers' market fall into this class, as do our own export credit operations to date, for example the Government guarantees provided to cover purchases of hydro electrical equipment in Canada by the Soviet Government. Credit arrangements will probably be made also to cover

such industrial equipment provided for under the Fourth Protocol which will be undelivered at the end of the war and which equipment the Soviet have agreed to purchase. Such credit, while tied to the industrial equipment, cannot be considered objectionable. Any loans or guarantees made during the three-year term of the Export Credits Insurance Act, under Part II, must, by the provisions of the Act, be tied, but it appears likely that no unfair advantage will accrue to Canadian exporters since the loans will in all probability be tied to exports which would move on their own merits in the transition period of shortage. The extent to which operations under Part II of the Act or other tied loans would in fact be unfair practice or equivalent to export subsidies will depend upon the terms of individual transactions. Even here it will be difficult to draw a sharp line of distinction. For example, suppose we and the U.S. both made credits available to foreign governments at rates at which each Government can borrow in the domestic market, or at those rates plus a standard surcharge. In this event the U.S. would be providing credits at a lower rate than would we, because their domestic rates are lower. Can it be said in these cases that the U.S. Government is providing an export subsidy? Certainly they are providing an added incentive for purchases in the U.S. if the use of such credits are tied. Under such circumstances, however, we might be said to be providing an export subsidy by comparison with, say, Australia or some other country following the same general principle but where domestic interest rates are higher. In other words, if credits obtained in any country, either privately or through public channels, are tied to use within that country, then there will be a trade advantage for those countries with lower interest rates. Insofar as many private trade credits have in fact been tied, this condition has existed in the past without Government intervention. There isno taint to the assistance provided under Part I of the Act since the insurance is provided against payment of premiums which are estimated to cover the cost of the insurance. It should also be noted that Canada's adoption of export credit insurance and the direct provision or guarantee of export credits is more of a defensive measure than an aggressive one. Both the U.K. and the U.S. have been providing insurance, credits and guarantees for some time.

It is, of course, equally clear that tied loans may be abused in particular cases by being used as a form of price cutting or of export subsidy. The instance mentioned in despatch No. 14, paragraph 3, is an excellent illustration of this abuse.

There may, however, be cases in which the fact that a loan is tied is not a matter of indifference on the one hand or a means of disloyal competition on the other. A loan may be granted for the purpose of moving surpluses which would not otherwise be exported but which are not strictly competitive with potential exports in third countries. The loan in this case is an inducement to buy that harms no one. Before suggesting that tied loans should be condemned and eliminated like other forms of trade discrimination, it would be necessary to see whether these innocent uses of tied loans are sufficiently important to justify their continuance.

It can be contended that the general effect of a tied loan is similar to that of any other form of bilateral trade and that for a country to stipulate that the proceeds of the bonds which it buys must be spent within the buying country is not radically different from stipulating that the proceeds of the goods which it buys must be spent in the buying country. If it is replied that the granting of credit involves an element of risk which is not present in the purchase of goods, the answer seems to be that either this risk is offset by the interest charged or else that the acceptance of the risk constitutes a form of price cutting or export subsidy.

A useful and important argument runs that in the past, if a country which had borrowed money in the United States used the funds to pay for supplies imported from a third country, it might have been the case that the third country was in such a position that its nationals would increase their investments in the United States rather than buy U.S. goods. In such circumstances, the U.S. would have a claim against Country A, the counterpart of which would be the sale of the U.S. securities to the nationals of Country B. The loan would not have promoted employment in the U.S. In the foreseeable future, it is most unlikely that consequences such as those referred to above would flow from the extension of "untied" credits by the United States. Exchange control in most countries of the world will prevent the nationals of those countries from increasing their investments in the United States. Moreover, the policies of exchange control which would give effect to such action are already recognized and are not perhaps considered inconsistent with reasonable commercial policy. The exchange policy in point is that which does not allow the transfer of capital funds in scarce currencies. It is conceivable that a third country receiving part of the proceeds of a U.S. loan in payment for sales of goods to the borrower would add to its idle balances in the United States. It seems that this is most unlikely to take place on any substantial scale. In the interests of broadening international trade and financial relationships, the United States could well afford to expose itself to such slight penalties as might be involved. Moreover, it would always be possible for the U.S. to review its policy if that policy did not appear to be producing satisfactory results. To repeat: In the post-war period the United States can be almost sure that when it makes a loan that loan will be used to pay for U.S. goods and services either by the borrowing country or by any other country which falls heir to the U.S. dollars. The more definite assurance afforded by "tied credits" has serious international disadvantages. The above view applies particularly to loans at large. A tied loan, if used to aid a distressed industry still has a great political usefulness in the lending country though the purpose of the loan is often to exclude low-cost producers in other countries, as in the case of a U.S. loan tied to wheat.

The points considered so far have been in the main theoretical. A more practical argument is that cited in paragraph 5 of Mr. Wilgress' despatch when he quotes Mr. Harriman as saying that it would not be politically feasible for any institution supported by the United States Government to grant loans, the proceeds of which would be spent in some other country. It is difficult to expect

any Congress or Parliament to provide large loans or assistance in the form of guarantees to make loans possible, if the proceeds of these loans can be spent by the borrower in financing purchases in other countries — perhaps in the countries of competitors. It may be possible, through the use of an international agency such as the International Bank recommended at Bretton Woods, to get some untied loans or guarantee authorities from public funds, but it is hard to believe that it will be politically possible to provide credits in general without having them tied to use in the country of origin. Canadian legislation permitting loans to other countries has been based on a somewhat similar assumption although in order to avoid adherence to the policy of tied loans, the effective legislation has been limited to three years, Part II of the Exports Credits Insurance Act. It can be argued that it is better to have tied loans than to have no loans and that if the proceeds of commodity trading are free it may not matter much if the proceeds of loans are tied. Indeed, a tied loan tends to liberate buying power. It may set free the proceeds of commodity trading. China may, for example, be in a better position to buy from the United Kingdom after receiving a tied loan from the United States than before. If, therefore, tied loans are the only loans which are politically feasible, it might be inexpedient to condemn them.

It will not be the presence of tied loans that will create the most serious problems, but the absence of untied loans. There is no practical way of eliminating tied loans altogether since many arise simply as the financing of desired purchases, but care should be taken to see they are not abused. Internationally and nationally a very large amount of trade credit is in fact made up of tied loans but it is also possible nationally to obtain credit which is not so tied to specific purchases.

Our main hope for untied loans in the period immediately following the war will rest on the Bank for Reconstruction and Development and if substantial loans are available there it will contribute much to the flexibility of the whole world structure. Later it might be hoped that if the reconstruction proceeds satisfactorily there might be other untied loans when the credit standing of various countries had been improved and stabilized. The credits will have to come from the major creditor countries and particularly from the United States.

If it should in fact prove inexpedient to press the arguments which have been advanced against tied loans to the logical conclusion to which they lead, it may nevertheless be extremely useful to cite the adherence of the United States to a policy of tied loans as a defence against any objections which the United States authorities may advance to those forms of trade barrier or commercial discrimination which other countries find it politically difficult to relinquish. It may be worth establishing our case in respect of tied loans, even if we are to use it as a shield and not as a sword!

**86.** DEA/158-40

*Le secrétaire d'État par intérim aux Affaires extérieures à l'ambassadeur en Union soviétique*

*Acting Secretary of State for External Affairs to Ambassador in Soviet Union*

TELEGRAM 222 Ottawa, October 31, 1945

SECRET. 1. Negotiations under way here for months with Soviet authorities respecting credits[70] are still deadlocked. We have offered to lend at the borrowing cost of the Canadian Government plus a small charge for overhead. These are the identical terms we have offered to all other Allied Governments. The Soviet authorities still press for exceptional treatment, pointing out that the Americans have agreed to make loans to the U.S.S.R. at 2⅜% to clear up the amounts outstanding in respect of materials ordered under Lend-Lease. They say that their Government cannot see their way clear to accepting our interest rate which would amount to 3.1%. We have pointed out that the cost of borrowing to the Canadian Government is higher than to the United States and that in principle we were going further than the United States in that we were prepared to offer the same basis for determining interest rates in granting credits for reconstruction purposes as we were in granting credits to clean up Mutual Aid orders.

2. A further obstacle to agreement is that the U.S.S.R. is unwilling to make partial payment in cash. Here, too, we have asked the U.S.S.R. for no more than we have requested from all other Allied Governments.

3. I see no likelihood that we shall agree to grant the U.S.S.R. more favourable treatment than we are according other Allies.

4. Do you think that the U.S.S.R. is likely to persist in their attitude or will they modify their stand when they have closed with the United States on the terms of the U.S. credit? Our view is that we have no great interest in forcing credits on the U.S.S.R., and we have done our part in offering a credit to them on the same terms as to others. As a result of the difficulties we are experiencing in our negotiations we shall probably soon have to require the U.S.S.R. to pay cash for all purchases in Canada.

5. Soviet representatives have insistently asked for a 25% reduction in the price of certain industrial equipment ordered under Mutual Aid, cost of which they undertook to pay if deliveries were made after the cessation of Mutual Aid. It now seems likely that they may pay the full price in view of our willingness to reduce substantially the price of flat cars ordered as Mutual Aid but not delivered as such.

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[70]Voir aussi le document 125./See also Document 125.

**87.** DEA/6226-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Acting Secretary of State for External Affairs*

DESPATCH 294 Moscow, November 3, 1945

SECRET. Your telegram No. 222 of October 31st, regarding extension of credits to Soviet Union.

1. I did not expect Soviet Government to agree to make partial payment in cash because this might prejudice their negotiations for credits from other Governments.

2. On the other hand, I have thought that eventually they will agree to pay us a higher rate of interest than the United States, but may do so only after negotiations have been completed for a United States credit covering purchases for reconstruction purposes.

3. Members of the United States Congress, who visited Moscow in September, expressed doubts about purpose for which proposed credit is to be used. They want to be satisfied that large proportion of credit will not be used for essential military purposes.

4. This and general political difficulties merits delay in granting of United States credit. In this event, Soviet Government may become more inclined to agree to our terms. I see, therefore, no reason to make concessions at this stage.

**88.** DEA/158-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs*
*to Ambassador in Soviet Union*

DESPATCH [Ottawa,] November 20, 1945

We have been unable to settle our differences with the Soviet authorities relating to credits, both commercial and those covering goods originally bought as Mutual Aid, or relating to the prices to be paid for industrial equipment. As a consequence, we have not since November 11th extended credit and have required the Soviet authorities to pay cash for all purchases. In the case of wheat, however, we have agreed to fill the outstanding contracts and all the shipments of wheat which were scheduled for November will go forward on credit basis.

The Soviet Commercial Counsellor, Mr. Krotov, in an interview with Mr. Ilsley pressed hard for better terms for the Mutual Aid cleanup than for commercial credits on the grounds that the United States was extending special

terms for the Lend-Lease cleanup, i.e. under the 3-C Agreements.[71] Our reply was that we are in fact granting the U.S.S.R. better treatment than the U.S. by offering the same terms for commercial credits as for Mutual Aid. In our case the interest rate on both is based on cost to the Canadian Government plus a small charge for administration. We have applied this basis to all borrowers and are not prepared to make an exception for the U.S.S.R.

Krotov expressed regret at the change he said he had detected in the Canadian attitude toward the Soviet. Relations had been most cordial during the period of Mutual Aid and he thought it a pity that we should allow relations to deteriorate because of the small amount of money involved in our differences. Our view is that with the cessation of Mutual Aid, the Soviet is attempting to drive inordinately hard bargains and that they give no weight to our liberal Mutual Aid attitude nor to the preferred treatment we granted them after the cessation of Mutual Aid. We undertook to supply them with ten mine sweepers after Mutual Aid ended and are also meeting the expenses in Canada of the Soviet crews.

In allowing them to buy on credit at all after September 2 we were treating them more favourably than we did most other Allied Governments who were required to pay cash until the credit agreements were concluded.

**89.** DF/Vol.4322

*Le ministre des Finances*
*au conseiller commercial, l'ambassade de l'Union soviétique*

*Minister of Finance*
*to Commercial Counsellor, Embassy of Soviet Union*

Ottawa, December 7, 1945

Dear Mr. Krotov:

Following our discussion the other day, at which you asked me if the Government would consider again the question of the terms on which it would advance credit to the U.S.S.R., I took the matter up with my colleagues in the Cabinet. I am writing now to inform you that the Canadian Government are not prepared to alter the offers that we had previously made to your Government in this matter.

Yours very truly,

J. L. ILSLEY

[71]Accords en vertu de la Clause 3-C de la Loi du Prêt-bail. Voir E. R. Stettinius, Jr., Lend-Lease: Weapon for Victory. New York, Macmillan Co., 1944, pp. 336-7.
Agreements under Clause 3-C of the Lend-Lease Act. See E. R. Stettinius, Jr., Lend-Lease: Weapon For Victory. New York, Macmillan Co., 1944, pp. 336-7.

## SECTION B

### TCHÉCOSLOVAQUIE/CZECHOSLOVAKIA

**90.** DEA/6993-B-40

*Le ministre de Tchécoslovaquie*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Czechoslovakia*
*to Under-Secretary of State for External Affairs*

No. 2517/144 [Ottawa,] September 7, 1944

Dear Mr. Robertson,

I have the honour to refer to the conversations of Dr. L. Feierabend, the Czechoslovak Minister of Finance, and myself with you, the Minister of Finance, Mr. Ilsley, and Dr. Clark, Minister of Trade and Commerce Mr. MacKinnon, and Mr. Oliver Master, regarding credit to Czechoslovakia for the purchase of Canadian produced goods, and to submit a memorandum outlining the extent of the credit, and the list of goods which the Czechoslovak Government would like to buy in Canada.

Accept etc.

DR. FRANTISEK PAVLASEK

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de la légation de Tchécoslovaquie*

*Memorandum by Legation of Czechoslovakia*

The present rapid development of the war and the necessity to bring help and relief to the Czechoslovak Republic and to assure employment of her population as soon as the Nazi forces are expelled from her territories, have already lead [*sic*] my Government in London to make preparations for the renewal of economic life at home and of commercial intercourse with the United Nations.

In view of the previous successful trade between Canada and Czechoslovakia, future relations with Canada will again be an extremely important factor in the life of the liberated Czechoslovak Republic.

1. Czechoslovakia will require a considerable supply of Canadian goods for her reconstruction, the value of which will amount to $15,000,000.

The goods which Czechoslovakia would like to buy in Canada are approximately as follows:

| Articles | Quantity in tons [metrical] | Approximate Value in Canadian dollars |
|---|---|---|
| *Metals and Minerals* | | |
| 1. Copper | 7,000 | 2,198,000 |
| 2. Lead | 5,000 | 1,342,000 |
| 3. Nickel | 2,400 | 2,043,000 |
| 5. Mica | 150 | 6,600 |
| 6. Aluminium | 1,000 | 363,000 |
| | | 6,259,500 |
| *Food* | | |
| 7. Wheat | 108,000 | 6,000,000 |
| 8. Fish [Tinned] | 2,600 | 893,000 |
| 9. Dried Milk | 220 | ? |
| | | 6,893,000 |
| *Other Goods* | | |
| 10. Calf Hides [Wet] | 500 | 188,000 |
| 11. Kobalt Compounds | 15 | 36,300 |
| 12. Nickel | 120 | 39,336 |
| 13. Silicon Carbide | 1,300 | 28,600 |
| 14. Pulp Forage Manufactures | 6,000 | 336,600 |
| 15. Special Woods | ? | ? |
| | | 628,836 |

2. The six years of German occupation have resulted in the destruction of Czechoslovakia's industrial and commercial organization to such an extent that the Republic would be able to purchase these goods only if necessary credit were granted to her by the Canadian Government.

The Czechoslovak Government should, therefore, greatly appreciate any assistance that could be extended to it in accordance with the Export Credit Insurance Act in order that trade between Canada and Czechoslovakia may be facilitated and developed.

This credit could be granted either through a guarantee by the Canadian Government of a loan contracted by the Czechoslovak Republic with a Canadian Bank, or through a direct loan given to the Czechoslovak Republic by the Canadian Government that the Czechoslovak Republic may be enabled to purchase and to pay the costs of the Canadian produced goods.

3. The purchase of wheat depends also on U.N.R.R.A., which has been requested to give its consent that the quantity of wheat bought by the Czechoslovak Government directly in Canada, would not be subtracted from the wheat quota allocated to the Czechoslovak Republic by the U.N.R.R.A.

4. If the full amount of credit granted by Canada is not exhausted within the first year, the residual amount could be transferred to the second year, or could be used for the purchase of larger quantities of goods than outlined above.

5. The Czechoslovak Republic would be able to commence repayment of this loan after four years, and would be able to complete its full payment within a further period of five years.

6. In view of the urgent need for relief and reconstruction immediately after the hostilities have ceased the Czechoslovak Government would be very grateful if a favourable consideration could be given by the Government of Canada to this matter as soon as convenient.

DR. FRANTISEK PAVLASEK

**91.** DEA/6993-B-40

*Le sous-ministre des Finances*
*au sous-ministre par intérim du Commerce*

*Deputy Minister of Finance*
*to Acting Deputy Minister of Trade and Commerce*

Ottawa, January 31, 1945

Dear Mr. Master:

*Re: Export Credits and the Government of Czechoslovakia*

I have now heard from Dr. Pavlasek regarding the proposed export credit to be provided by the Canadian Government to his Government, about some details respecting which I had written to him on December 5, 1944.[1]

You will recall that there has been some delay, due to Czechoslovakia's desire to ascertain from UNRRA that the purchase of wheat from Canada on credit terms would not prejudice the amount of wheat which UNRRA was prepared to make available to Czechoslovakia. Mr. Wilson, of your Department, was kind enough to ascertain in Washington that UNRRA had replied to Czechoslovakia on this matter on December 8, last, and Mr. Bryce communicated this information to Dr. Pavlasek, who was immediately able to confirm it and has now written to me to say that there is now nothing in the way of preparing a final draft of the credit agreement for $15,000,000.

Czechoslovakia, as you will recall, has suggested a few amendments in the agreement which we proposed, on most of which we were able to meet her. There was one minor point on which we asked for some further elucidation, and that was the suggested inclusion of allowance for additional expenses incurred in connection with the purchase, such as brokerage and similar expenses. In reply Dr. Pavlasek says that they are not able to forecast in any detail what these additional expenses will be. He suggests they might include commissions to an export or purchasing agent, and travelling expenses for a mission which would be sent to Canada for the purpose of buying the goods under the credit. He acknowledges that brokerage expenses are usually paid by the seller and would not, therefore, have to be provided for. We are able under the Act, and specifically under the second regulation passed under it, to provide for services or supplementary work done or to be done in connection with the goods purchased, and it is possible that legally this could include

certain expenses to which the Czechoslovakian authorities were put in Canada in order to make the purchase. I am asking Mr. Tolmie of this Department to consider the legal aspect of this point, but I would appreciate very much hearing from you concerning the desirability on policy grounds of our including provision for such incidental expenses, particularly the cost of sending a purchasing mission here, the inclusion of which I think is questionable.

Dr. Pavlasek says also that they wish to alter slightly the list of goods to be purchased under the credit. The main change is that they wish to get 4,000 tons of semolina flour. I understand from Mr. Bryce that there may be some question of our ability of supply this item, and if so, I think we should let Dr. Pavlasek know right away so that they may make any other adjustments in the list as quickly as possible.

I am replying to Dr. Pavlasek today to say that we shall proceed immediately to redraft the agreement along the lines agreed. I shall send you a draft of this in the next day or two.

Yours very truly,

W. C. CLARK

**92.** DF/Vol.4316

*Le sous-ministre par intérim du Commerce*
*au sous-ministre des Finances*

*Acting Deputy Minister of Trade and Commerce*
*to Deputy Minister of Finance*

Ottawa, February 5, 1945

Dear Mr. Clark:

With reference to your letter of January 31, I agree that, on policy grounds, it is questionable to include in the credit arrangement with Czechoslovakia provision for incidental purchasing expenses to be payable out of the proceeds of the loan. Nevertheless, the circumstances are exceptional and if such a concession is considered by the Czechoslovakian Government to be of material importance to them I would be inclined to allow such charges up to a maximum, say, of one-eighth of one percent of the amount of the credit, or of such portion of the credit as is expended on goods that involve some special investigation or other purchasing difficulty. This would exclude wheat. So far as the terms of the agreement itself are concerned, I should think it would be well, before deciding precisely upon how this point should be covered, to put a little more pressure on Dr. Pavlasek to indicate what he thinks would be a reasonable maximum provision to meet purchasing costs of the type that he has in mind.

On the other question raised in your letter, semolina flour is normally made from Durum wheat and our information is that Canadian mills, now engaged up to their full capacity on ordinary flour, are not prepared to make the adjustments required to mill semolina from Durum wheat. Accordingly, if

Czechoslovakia wants Durum semolina our supply position is unfavourable. If they are willing to take semolina produced from Red Spring wheat there is a much better prospect of making satisfactory supply arrangements.

Yours faithfully,

OLIVER MASTER

**93.** DEA/6993-B-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Associate Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[Ottawa,] March 1, 1945

The Loan Agreement with Czechoslovakia concluded under the Export Credits Act was signed today by the Minister of Finance and the Czechoslovak Minister.[72] The loan is for $15,000,000, and attached to the agreement is a schedule of the supplies which the Czechoslovak Government intends to purchase in Canada with the proceeds. These are food stuffs and raw materials. I am asking the Department of Finance to provide a copy for our files.

Dr. Pavlasek came to see me after the signature in order to express his cordial thanks to all concerned for the assistance given his Government in the agreement and throughout the negotiations. He repeated what he has already said, that he hopes that his country will rely on imports of Canadian flour for a substantial part of its needs and that land now used for wheat growing will be put into pasture or employed for forage crops. He says that they wish very keenly to maintain an active trade with Canada and other countries to the west and he thinks that we can rely on his Government to support warmly plans for a return as soon as possible to multilateral trading and for the reduction of tariff barriers and other obstacles to commerce.

H. W[RONG]

**94.** DF/Vol.4316

*Le ministre de Tchécoslovaquie au sous-ministre des Finances*

*Minister of Czechoslovakia to Deputy Minister of Finance*

No. 841/45 [Ottawa,] May 10, 1945

Sir,

With reference to the plan of the Czechoslovak Government to purchase commodities in Canada according to the schedule arranged for in the Credit Agreement concluded between the Government of Canada and the Czechoslovak Government on March 1st, 1945, I have the honour to approach you as

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[72]Voir Canada, Recueil des traités, 1945, N° 25.
See Canada, Treaty Series, 1945, No. 25.

to whether it would be permissible to use the present credit also for the shipping expenses connected with the shipment of the material bought here to Czechoslovakia.

I am submitting this request to you as the Czechoslovak Government, under the present situation, is not in the position to finance the cost of the transportation of these goods from any other source and is unable to begin purchasing the goods in Canada unless the question of the transportation of this material is solved.

In view of the fact that the Czechoslovak territory has been liberated and that the Czechoslovak Government has returned to Praha, the rehabilitation of economic life in Czechoslovakia can now be executed.

I therefore trust that it will be possible for the Government of Canada to grant their consent to the extension of the use of the present credit facilities to the Government of Czechoslovakia for transportation purposes.

Accept etc.

DR. FRANTISEK PAVLASEK

**95.** DF/Vol.4316

*Le sous-ministre des Finances au ministre de Tchécoslovaquie*
*Deputy Minister of Finance to Minister of Czechoslovakia*

Ottawa, May 14, 1945

Dear Dr. Pavlasek,

I have your letter of May 10th relating to the credit agreement between your Government and the Government of Canada signed on March 1, 1945, and asking whether it would be permissible to use that credit to meet the costs of shipment to Czechoslovakia of the supplies purchased in Canada in accordance with that agreement since, you state, your Government is not in a position to finance from any other source the cost of transportation of these supplies.

As Mr. Bryce informed you by telephone last week, the Government has approved an Order-in-Council amending the Regulations under the Export Credits Insurance Act to provide for the use of funds made available under that Act for transportation charges outside of Canada "in cases where the Minister of Finance is satisfied that the cost of such charges cannot reasonably be met from other sources."

I have consulted the Minister of Finance in regard to your request and he has authorized me to inform you that he is satisfied in the case of Czechoslovakia that the cost of transportation charges from Canada to Czechoslovakia of the goods to be purchased under your credit agreement with Canada cannot at present reasonably be met from other sources, and that he therefore agrees that they may be met from the credits provided under the agreement.

You may take this letter, together with your own, as constituting an agreement to the use of the credit provided to the Government of Czechoslovakia for meeting shipping charges on the goods to be purchased in Canada in accordance with the terms of the agreement.

I am enclosing for your information and records a copy of the Order-in-Council P. C. 3357 of May 8, 1945,[1] amending the Regulations under the Export Credits Insurance Act to authorize the use of credits provided under that Act for delivery or transportation charges.

Yours very truly,

W. C. CLARK

**96.** DF/Vol.4316

*Le ministre de Tchécoslovaquie au sous-ministre des Finances*

*Minister of Czechoslovakia to Deputy Minister of Finance*

No. 894/45 [Ottawa,] May 16, 1945

Sir,

I have the honour to express my thanks for the information contained in your letter of May 14th, that the Government of Canada has approved an order-in-council amending the regulations under the Export Credits Insurance Act to provide for the use of funds made available under that Act also for transportation charges outside of Canada.

I should also like to thank the Minister of Finance, the Hon. J. L. Ilsley, for his authorization that the transportation charges for the goods to be purchased under our credit agreement with Canada may be met from the credits provided for under the agreement.

As however, by using the credit also for the transportation costs the amount allotted for the purchase of goods in Canada would be considerably reduced — the cost of transportation being estimated at approximately four million dollars — my Government would be very grateful if the Government of Canada could kindly extend the credit agreement concluded on March 1st by a further four million dollars.

Should direct credit from the Canadian Government to the Government of Czechoslovakia not be available, my Government would appreciate it if this credit of four million dollars could be established in the form of a bank credit, backed by the guarantee of the Canadian Government, under terms similar to those in our agreement of March 1st.

Now that the entire territory of Czechoslovakia has been liberated and President Beneš has returned to Praha with the whole government, I am convinced that this great plan of Canadian assistance to Czechoslovakia will be successfully carried out. The fact that Hamburg will again be available as a

port for shipments to Czechoslovakia will greatly facilitate the delivery of the commodities.

Accept etc.
DR. FRANTISEK PAVLASEK

**97.** DF/Vol.4316

*Le procureur par intérim du Trésor au ministre de Tchécoslovaquie*
*Acting Solicitor to the Treasury to Minister of Czechoslovakia*

Ottawa, June 20, 1945

With regard to the Export Credit Agreement and your request of May 16th to Dr. Clark, I am enclosing in duplicate a draft amending agreement[1] to increase the credit by $4,000,000. Mr. Bryce has, I believe, advised you that the Minister is prepared to recommend this amendment to Council, and we shall endeavour to have it done at the next meeting of Council this week.[2] Therefore, I would appreciate greatly if you could consider this draft amending agreement and return one copy to me with any comments or suggested changes which you think should be made. I have to leave Ottawa tonight for Toronto but I shall be back on Friday morning, so that if you are unable to send me your comments by late this afternoon, it would be sufficient if I get them first thing Friday morning.

Yours faithfully,
J. ROSS TOLMIE

**98.** DF/Vol.4316

*Le ministre de Tchécoslovaquie au procureur par intérim du Trésor*
*Minister of Czechoslovakia to Acting Solicitor to the Treasury*

No. 1123/45 [Ottawa,] June 20, 1945

I wish to thank you for your kind letter of today's date enclosing a draft amending agreement to increase the credit by $4,000,000. I fully agree with its formulation, which is the most simple solution.

I would be very grateful to the Honourable James L. Ilsley if he could kindly recommend this amendment to the Council at its next meeting this week.

Enclosed I am returning one copy of the draft[1] as you requested.

With kind regards,
Sincerely yours,
DR. FRANTISEK PAVLASEK

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[1] L'accord fut signé à Ottawa le 26 juin 1945. Voir Canada, Recueil des traités, 1945, N° 29.
The agreement was signed at Ottawa on June 26, 1945. See Canada Treaty Series, 1945, No. 29.

**99.** DTC/Vol.100

*Le sous-ministre par intérim des Finances*
*au sous-ministre du Commerce*

*Acting Deputy Minister of Finance*
*to Deputy Minister of Trade and Commerce*

Ottawa, October 31, 1945

Dear Mr. Mackenzie:

*Re: Amendment to Schedule of Export Credit Agreement with Czechoslovakia*

The Czechoslovak Minister to Canada was in to see Mr. Bryce of this Department the other day to explain that because of the great destruction which parts of Czechoslovakia suffered in the closing months of the war in Europe, they find it necessary to import some supplies which they had hoped to be able to obtain from domestic sources. In particular, I understand, they want to secure meat and fats from North America and, if possible, some from Canada, to be paid for out of the credits which we have undertaken to advance to them. For this purpose it will be necessary to amend the schedule to the Agreement.

I am writing to say that this Department would be quite prepared to agree to any amendments to this schedule which your Department feels are feasible in order to meet the requirements of Czechoslovakia. I hope that every possible consideration will be given to Czechoslovak requirements at this time and that strenuous efforts will be made to assist them if at all possible. One for the considerations which I know this Department — and, I believe, the Government — had in mind in making this Credit Agreement with Czechoslovakia was the importance of a speedy economic recovery in that country in setting an example to other countries of Central and Eastern Europe and thus helping to promote a prompter recovery in this important area.

Yours very truly,

W. A. MACKINTOSH[74]

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[74]Sous-ministre intérimaire des Finances pendant quelques mois en 1945, durant la maladie de Clifford Clark.
Acting Deputy Minister of Finance for several months in 1945 during the illness of Clifford Clark.

**100.** DTC/Vol.100

*Le sous-ministre du Commerce*
*au sous-ministre par intérim des Finances*

*Deputy Minister of Trade and Commerce*
*to Acting Deputy Minister of Finance*

Ottawa, November 3, 1945

Dear Mr. Mackintosh,

Thank you for your letter of October 31st with reference to the Export Credit Agreement with Czechoslovakia.

Hon. Mr. MacKinnon has expressed his agreement that, in so far as supply conditions permit, Canada should endeavour to meet the request recently received from Dr. Pavlasek that his Government be permitted to purchase fats and meats which were not originally included in the list of commodities to be purchased under the Credit Agreement.

In view of the request put forward on behalf of the Czechoslovakian Government and of the agreement of the Minister of Trade and Commerce, coupled with the agreement of your Department, I should think that formal amendment of the schedule to the Credit Agreement is not necessary. Paragraph two of the Agreement, which reads as follows:

"The Government of the Czechoslovak Republic agrees to utilize the said credit in purchasing from Canadian exporters the Canadian-produced goods referred to in Schedule 'A' hereto, in the quantities therein specified, subject to such variations in quantity and such substitutions or additions of other Canadian-produced goods as may be agreed upon by the said Government and the Minister of Trade and Commerce of Canada."

was drawn, I understood, purposely to permit a considerable degree of freedom to meet Czechoslovakia's most pressing needs without formal change in the Agreement itself or in the schedule.

The real difficulty at present is in the supply position. Fats, in particular, are in very short supply and it is doubtful whether we should be able to export any at all during the coming winter. Tinned meats are under allocation to the Combined Food Board and no allocation has been made to Czechoslovakia for the last quarter of 1945. I may say, for your own information, that we have been urging the Czechs to present their requirements to the Combined Boards ever since March of this year.

I agree with you that every possible consideration should be given to Czechoslovak requirements at this time and can assure you that strenuous efforts will be made to assist them if it is at all possible. Czechoslovakian meat requirements, however, must still be passed by the Combined Food Board and if the Czechoslovakian Minister will continue to keep in touch with this Department everything possible will be done to make supplies available to them.

I shall be glad if you will be good enough to let me know whether an amendment to the schedule of the Agreement appears to you to require something more in the way of formal action than I have indicated. If it would meet the necessities of the situation I would be pleased to keep you informed of any additions to Schedule 'A' which are agreed to between the Minister of Trade and Commerce and the Czechoslovakian Government.

Yours very truly,

M. W. MACKENZIE

**101.** DF/Vol.4316

*Le sous-ministre par intérim des Finances au sous-ministre du Commerce*

*Acting Deputy Minister of Finance to Deputy Minister of Trade and Commerce*

Ottawa, November 9, 1945

Dear Mr. Mackenzie,

I acknowledge with thanks your letter of November 3, regarding the Export Credit Agreement with Czechoslovakia, in particular the request of that government that it be permitted to purchase fats and meats which were not originally included in the list of commodities to be purchased under the Credit Agreement.

I agree with you that formal amendment of the schedule to the Credit Agreement is not necessary in such cases, and am glad to note that efforts are being made to provide Czechoslovakia with the commodities required.

Yours very truly,

W. A. MACKINTOSH

## SECTION C

## PAYS-BAS ET INDES ORIENTALES
## THE NETHERLANDS AND NETHERLANDS INDIES

**102.** DEA/7492-40

*Mémorandum d'une réunion avec une mission des Pays-Bas*

*Memorandum of Meeting with Netherlands Mission*

[Ottawa,] April 4, 1945

Present:

| | |
|---|---|
| Dr. M. P. L. Steenberghe | — Netherlands representative |
| Mr. C. van Stolk | — Netherlands representative |
| Dr. H. Riemens | — Netherlands representative |
| Hon. Jonkheer J. W. M. Snouck Hurgronje | — Netherlands representative (Netherlands Minister to Canada) |

| | |
|---|---|
| Dr. W. C. Clark | — Department of Finance |
| Mr. R. B. Bryce | — Department of Finance |
| Mr. M. W. Mackenzie | — Department of Trade and Commerce |
| Dr. C. F. Wilson | — Department of Trade and Commerce |
| Mr. J. H. English | — Department of Trade and Commerce |
| Mr. L. Rasminsky | — Bank of Canada |
| Mr. J. E. Coyne | — Bank of Canada |
| Dr. W. A. Mackintosh | — Department of Reconstruction |
| Mr. George MacIvor | — Canadian Wheat Board |
| Mr. N. A. Robertson | — Department of External Affairs |
| Mr. S. D. Pierce | — Department of External Affairs |

Dr. Steenberghe said he would not dwell on Holland's difficulties. They were well known. He hoped that the task of reconstruction would be assisted by an international loan at a later date, but, in the meantime, it was necessary to make credit arrangements to meet the Netherlands requirements for the next five years.

He said it was difficult for two reasons to forecast post-war trade between Canada and the Netherlands: first, the expansion in Canadian industry during the war offered additional possibilities for export; and, second, it was most difficult to determine what Holland's needs would be, particularly in the area yet to be liberated. However, he looked to a fifty per cent increase to $15,000,000 a year in imports from Canada.

At the moment The Netherlands cannot continue to pay cash for their requirements much less pay it in advance. They sought a credit to cover the needs of the next five years, $25,000,000 in the first year with the privilege of carrying over the unexpended portion to the second year; and $15,000,000 for the second to fifth years, inclusive: repayment to begin in the sixth year and continue through to the tenth year in equal amounts of $17,000,000. The $15,000,000 requested for the second through the fifth years is expected to cover imports from Canada during that period. The imports, particularly in the latter years will include much wheat. The increase in exports over the prewar figure will be made up of industrial items.

Dr. Clark said that our appropriation for export credits was limited and that we intended to ask for an increase. It might not at the moment be possible formally to grant a credit to cover the five-year requirements, but he thought an understanding could be reached. The Dutch said that they were willing to discuss the length of the credit although they would prefer to have provision made now for their full five-year needs.

Of their needs in the first year frozen meat, farm machinery and fertilizer would comprise the larger portion. They would want canned meat and medical supplies in lesser amounts and lumber, asbestos, newsprint, paper, woodpulp, pulp wood, trucks, general industrial machinery and equipment, aluminum, nickel, and insulating board. Some allocations had already been made by the

Combined Boards for the third and fourth quarters of this year; others were being sought.

Mr. Robertson suggested that the list of commodities be discussed with Trade and Commerce. As to the meat requirements, he doubted whether the renewed agreements with the United Kingdom would leave anything available. However, it was pointed out that the food was under Combined Food Board allocation and the Dutch either had or would seek Combined Board allocations for all commodities.

In estimating the dollar requirements for the first year, no account had been taken of Canadian troop expenditures and no allowances made by the Dutch for troop guilders. The Dutch hoped for a credit that would cover all their needs, which would be partially off-set by the troop credits. Mr. Bryce said that no arrangement had yet been made with the Dutch for troop guilders obtained by Canada from Supreme Allied Headquarters.

On the subject of United States discussions, Dr. Steenberghe said he had in mind an arrangement similar to the one made by the U.S. with the French under which goods would move either on Lend-Lease or on long-term loan. The Dutch had submitted figures two months ago to the F.E.A. It was expected that negotiations would start next week.

Dr. Clark observed that the U.S.-French agreement calls for payment by the French of 20 per cent in cash on certain requirements. He asked whether the Dutch would request the U.S. to waive the cash payment. The Dutch replied that they expected to pay for all ships in cash but hoped for raw materials under Lend-Lease or long-term loan.

Mr. Rasminsky said that Canada had a twofold interest in receiving a part payment in cash, arising from the limited appropriation which will have to be used to meet in part the needs of other countries whose position was not as relatively good as that of the Dutch, and the Canadian United States dollar position. There was a rather high U.S. dollar content of exports and Canada would want to be left at least even on its U.S. dollar outlays.

He asked the Dutch if they would disclose their financial position. Dr. Riemens said that the short-term position was poor; the long-term position much better, particularly when the Dutch assets were unfrozen. Their foreign exchange holdings were limited. He mentioned the loan negotiated with private U.S. banks under the terms of which the Dutch pledged $100,000,000 in gold against a credit for immediate purchases. Apart from that they had $150,000,000 at their disposal plus $80,000,000 in gold blocked in South Africa. On a basis of U.S. Treasury figures, the Dutch had investments in stocks in the United States of some $600,000,000 and $100,000,000 in bonds

held in Holland. (He excluded the holdings of the East Indies.) He undertook to provide the exact figures later. (See footnote)[75]

On the subject of the Netherlands East Indies, Dr. Steenberghe explained that whereas the N.E.I. were politically one with the Netherlands they made their own financial arrangements; borrowed on their own credit, either with or without guarantees of the mother country. The East Indian position was considerably better than that of the Netherlands, but although their immediate needs were not as urgent as those of the motherland, nevertheless, their long term position was not good because of the tremendous reconstruction requirements which will take up all the N.E.I. reserves. There was, therefore, no prospect of an N.E.I. loan to the Netherlands for anything longer than a few months.

In reply to the question as to whether the Dutch were seeking a general credit or one to be used against a definite schedule of purchases, Dr. Steenberghe stated that a general credit would be necessary because the Dutch are not in a position to know what their needs will be. They are sure that they will require large quanities of wheat in the second, third, fourth and fifth years, probably in the amounts taken prewar, but their other requirements were uncertain. However, if no credit was made available to them and they were unable to find foreign currency, they would be forced to use inferior wheats although their preference was to use a percentage of Canadian with their native and other wheats.

Mr. Robertson asked if the Dutch expected the continuation of a state import monopoly during the term of the agreement. Dr. Steenberghe said that because it would be necessary to control currency he felt it would be necessary to control imports and he expected buying to be done by the state. Dr. Steenberghe said this would not mean that the whole program of imports would be covered by a credit agreement. Their estimated requirements were conservative. Other items would be needed and the agreement did not represent the limit of export possibilities.

Mr. van Stolk felt he should distinguish between exclusive monopoly by the state and state control. What was envisaged was state control under which free enterprise would operate, and not exclusive state monopoly.

When questioned as to the omission of rolling stock from the Dutch requirements, Dr. Steenberghe explained that first the conditions in the Netherlands yet to be liberated was unknown. However, since it is expected that all the bridges will be destroyed, no rolling stock will be needed for the

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[75]La note suivante était dans l'original:
The following footnote was in the original:
In later discussions it was explained that the figures were net. Allowance had been made for the Bretton Woods commitment of $80,000,000. There was moreover approximately $45,000,000 still available from the loan negotiated with private U.S. banks.

first or second years. In view of this the Dutch had increased their requirements for trucks. Further, railways were not an important means of transportation in Holland. Sixty per cent of all inland transportation had in the past been by barge.

Mr. Robertson asked on what general economic policy the needs had been estimated. Did the Dutch intend to continue their prewar fiscal policy or to seek greater economic independence in the post-war to cut down exchange charges; e.g., are they planning to increase their production of wheat? Dr. Steenberghe emphasized the Dutch dependence on foreign trade and said that they would seek a great volume of imports and exports. If insufficient assistance were forthcoming from other nations, the Netherlands might be forced to self-sufficiency, but it would not be by choice. As to their wheat program he said that that Germans had increased the grain acreage somewhat but at the cost of pasturage. He did not expect that there would be any increase over the prewar wheat acreage because of the emphasis that would be placed on dairy products. The budget for transitional needs, he said, was based on the assumption of the resumption of wide international trade. Their objective is to reconstruct the normal economic life to active external trade. Holland, he said, must rely on foreign trade, shipping and specialized agriculture.

He expected there would be heavy Dutch requirements for livestock. It was estimated that thirty-five to forty per cent of the cattle had already been removed by the Germans. He feared that the livestock population might be reduced overall by sixty per cent of the prewar figure.

Mr. Robertson asked whether the Dutch looked for restitution in kind from Germany. The reply was that it was hoped for but not taken into account in the budget. There were, Dr. Steenberghe said, so many claims and some of them big ones.

Mr. Robertson suggested that the commodity position be examined with Trade and Commerce. Mr. Mackenzie arranged to do so at three o'clock the same day.

He suggested that the financial aspect be considered with the Department of Finance and the Bank of Canada and a meeting was arranged for three o'clock in Dr. Clark's office on the following day.

As to shipping, the Dutch said that they had now been allocated 1,700 tons a day for the territory now liberated. They are seeking additional tonnage. The Dutch had assumed no responsibility for supplying the territory now occupied as it was still a military responsibility although limited to the prevention of unrest and disease. The 1,700 tons of shipping allocated was supplementary to military supply. The problem of stockpiles for non-liberated Holland was also a military responsibility but the Dutch were trying to have shipping and supplies made available to them. The arrangements with the United Kingdom were that any supplies released to the Dutch would have to be replaced.

On the subject of relief in Holland after V-E day when presumably the Dutch will be called to take over with the ending of military responsibility, a

take over which may come more quickly than it did in Belgium, Dr. Steenberghe said that there was some difficulty between the governments concerned over this question. The Dutch claim they cannot take over responsibility unless more supplies are allocated, more shipping made available and improved opportunities to procure supplies are furnished. There is doubt too as to the length of the period of military responsibility.

The program the Dutch were presenting was not one however for military relief but covered the period beginning at the termination of military responsibility.

Mr. Robertson said that Canada had sent a note to all Allied Governments identical with a note sent by the United States and the United Kingdom on military relief setting out that accounts for civilian relief provided under military auspices would be presented in due course.[76]

As to the recent UNRRA offer of emergency assistance, the Dutch said they had not accepted it as the offer was very small being only $10,000,000 for all liberated countries. The Dutch[77] felt that if they can get their supplies themselves they will not need the help of UNRRA.[78]

**103.** DF/Vol.4318

*Mémorandum du ministère des Finances au procureur par intérim du Trésor*

*Memorandum by Department of Finance to Acting Solicitor of the Treasury*

[Ottawa,] May 10, 1945

*Re: Credit Agreement with Netherlands Indies*

Dr. Clark endeavoured to get you yesterday for the meeting with Dr. Crena de Iongh, representing the Government of the Netherlands Indies, when we discussed credit agreements.

Dr. de Iongh indicated that they wished to get an agreement along the lines of that entered into with the Kingdom of the Netherlands, including a letter similar to that which we gave Snouck in connection with that agreement. I will redraft the letter, in respect of which there are several minor changes, and Clark wondered if you would get out a redraft of the agreement.

The amount of the credit in the agreement should be left blank for the time being, as it depends upon what is done in regard to the French. In fact, I think

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[76]Voir le volume 10, document 1102./See Volume 10, Document 1102.

[77]La note suivante était dans l'original:
The following note was in the original:
In the above memorandum please read "Netherlands" in place of "Dutch."

[78]Un accord avec les Pays-Bas fut signé à Ottawa le 1er mai 1945. Voir Canada, Recueil des traités, 1945, N° 28.
An agreement with the Netherlands was signed at Ottawa on May 1, 1945. See Canada, Treaty Series, 1945, No. 28.

we should make it for $10 million in any event, as we should hang on to whatever available authority we have that is not already committed.

The agreement should be drafted to be between the Government of Canada and the Bank for the Netherlands Indies, which is an agency of the Government of the Netherlands Indies having its Head Office in Paramaribo, Surinam. The obligation will be guaranteed by the Government of the Netherlands Indies. Dr. de Iongh will send us a legal opinion regarding the status of that bank. The bank was set up by the Government, and is owned partly by the Government and partly by some of the private banks of the Netherlands Indies. It exercises some, if not all, of the functions of a Central Bank, and all its obligations are guaranteed by the Government of the Netherlands Indies. Mr. de Iongh is to look into the question of whether any special action of the Government of the Netherlands Indies will be needed to guarantee this particular obligation, or whether it will suffice merely to have an official letter from the appropriate Minister of the Government, stating that the general guarantee applies to this particular obligation.

The terms, period, interest rate, etc., are to be exactly the same as in the Netherlands agreement.

R. B. BRYCE

**104.** DF/Vol. 4318

*Le sous-ministre des Finances*
*au président du Conseil des Indes orientales*

*Deputy Minister of Finance*
*to Chairman of the Board for the Netherlands Indies*

Ottawa, May 19, 1945

Dear Dr. Crena de Iongh,

Referring to our conversations in regard to the export credit to be made available to the Netherlands East Indies, I am glad to be able to inform you that I am now in a position to recommend that the amount of this credit should be $15,000,000 rather than the smaller amount which we discussed while you were in Ottawa. I trust this will meet satisfactorily all your requirements up to the time when the second credit can be arranged.

Yours very truly,

W. C. CLARK

**105.** DEA/8638-40

*Le ministre des Pays-Bas*
*au secrétaire d'État aux Affaires extérieures*

*Minister of The Netherlands*
*to Secretary of State for External Affairs*

No. 1568 [Ottawa,] September 13, 1945

Sir,

I have the honour to refer to the negotiations now taking place between the Minister of Finance of the Canadian Government and the Bank for the Netherlands Indies. It is intended that the Minister of Finance and the Bank should conclude an agreement whereby the Canadian Government will lend $15,000,000 to the Bank, to enable the Bank to provide funds to the Government of the Netherlands Indies to purchase Canadian-produced goods for export to the Netherlands Indies. The loan would be made under the Export Credits Insurance Act of Canada.

I desire to inform you that the Bank for the Netherlands Indies is an agency of the Government of the Netherlands Indies.

The Netherlands Minister for the Colonies on July 17, 1944, issued a resolution guaranteeing the performance of the obligations of the Bank for the Netherlands Indies; a copy of an English translation of the resolution* is already in the hands of the Minister of Finance, the Honourable J. L. Ilsley. The effect of this resolution is that, if the proposed loan agreement is made between the Minister of Finance and the Bank, the following will be guaranteed to the Canadian Government by the Government of the Netherlands Indies:

(a) the repayment of the loan according to the terms of the agreement;

(b) the payment of the bonds to be given as evidence of the indebtedness;

(c) the fulfillment of all other terms of the agreement.

I am glad to assure you that the Government of the Netherlands Indies will use the moneys advanced under the agreement exclusively to pay the costs of Canadian-produced goods purchased for export to the Netherlands Indies.

Accept etc.

SNOUCK HURGRONJE

**106.** DEA/8638-40

*Le secrétaire d'État aux Affaires extérieures au ministre des Pays-Bas*

*Secretary of State for External Affairs to Minister of The Netherlands*

No. 58 Ottawa, September 21, 1945

Sir,

I have the honour to acknowledge your despatch No. 1568 of September 13, 1945, containing diplomatic assurances that:

(a) the Government of the Netherlands Indies guarantees performance by the Bank of its obligations under the proposed agreement;

(b) the Bank for the Netherlands Indies is an agency for the Government of the Netherlands Indies.

I am advised that the Department of Finance is now prepared to proceed immediately with the agreement and will get in touch directly with Dr. Crena de Iongh, Chairman of the Board for the Netherlands Indies, Surinam and Curacao, and the appropriate officials of the Bank for the Netherlands Indies.[79]

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**107.** DF/Vol. 4319

*Le ministre des Finances au ministre des Pays-Bas*

*Minister of Finance to Minister of The Netherlands*

Ottawa, September 24, 1945

Dear Mr. Minister: —

You will recall the discussion in my office at which you and Dr. Riemens were present and in the course of which you asked whether it would be possible for the Government of Canada to increase by another $25,000,000 the amount of export credits which it would place at the disposal of the Netherlands Government for purchases during the twelve months' period commencing May 1st, when our credit agreement was signed. At the time, you and Dr. Riemens indicated that while you would prefer that this $25,000,000 be in addition to the total of $85,000,000 which we have already agreed to provide, it would be satisfactory to you if the $25,000,000 were transferred from the $60,000,000 which was to have been provided in later years.

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[79]L'accord fut signé le 9 octobre 1945. Voir Canada, Recueil des traités, 1945, N° 31.
The agreement was signed on October 9, 1945. See Canada, Treaty Series, 1945, No. 31.

I have now had an opportunity of discussing this matter with my colleagues in the Cabinet, and am able to tell you that when the Government's lending authority under the Export Credits Insurance Act has been increased by Parliament, we will be prepared to provide you with an additional $25,000,000 in credits for use as soon as you require it. We decided that, for the time being, we would prefer to limit our total commitment to the $85,000,000 already noted, leaving until later a decision as to whether or not the total would be increased if you should need more than $85,000,000 in all.

Yours very truly,

[J. L. ILSLEY]

**108.** DEA/7492-40

*Mémorandum du ministère des Finances à l'adjoint exécutif au gouverneur de la Banque du Canada*

*Memorandum from Department of Finance to Executive Assistant to Governor of the Bank of Canada*

[Ottawa,] December 12, 1945

*Re: Netherlands Credit*

As I believe I told you, the Netherlands Minister and Mr. Riemens have spoken to me about the possibility of the Netherlands getting a larger amount of credit from Canada than that upon which we had agreed in the past, and being permitted to use it more quickly than was contemplated when we made our arrangements last Spring.

Our original agreement with the Netherlands was made before the bulk of the Netherlands was liberated. Since liberation it has become apparent that the needs of the Netherlands are greater than was anticipated, and they have also found that more of the goods which they want to obtain are available in Canada than they had expected and can be obtained here at prices that are satisfactory to them. As a consequence of both these factors, they would now like to make larger purchases than they anticipated and would like to be able to borrow from us for this purpose. They described to me in general terms a program of purchases amounting to about $130,000,000, up to May 1, 1947. In general, this sounded to me like a practical sort of program from the point of view of the type of supplies they want to obtain. They suggest that for this purpose they would like to secure a credit of approximately this magnitude. I suggested, however, that they should allow in that program for some portion payable in cash, which would reduce the credit requirements to about $110,000,000, which is the figure they suggested some months ago to the Minister of Finance.

I would be quite prepared myself to support a credit of this kind to the Netherlands, all things considered. I would be very interested, however, in having your opinion and that of others in the Bank, if you can get an opportunity to speak to them about it. My own belief is that the Dutch are an excellent moral risk, and that while their economic future is undoubtedly more

uncertain than it ever has been before, we can expect them to make pretty strenuous efforts to rebuild their trade and to repay what they borrow.

This, however, is not likely to be the end of it. Mr. Snouck has indicated to me that his Government would hope that we could lend them further amounts after May 1, 1947, which might raise the total of their indebtedness to us to something over $200,000,000. I have told him that I thought we should not endeavour to reach any agreement or commitment on this further amount for some time.

There are one or two other matters to be taken into account in determining the needs of the Netherlands for credits. We shall probably be paying them something on balance for goods and services supplied to the Canadian Army in excess of supplies provided by Canada for the Netherlands forces, including surpluses. This however, is unlikely to exceed $10,000,000 or $20,000,000.

The Netherlands representatives are to be in Ottawa December 17th, 18th and 19th, although their visit may possibly be delayed a day. I shall be getting in touch with you subsequently about attending meetings with these representatives and I hope you will be able to reserve some time for this purpose.

R. B. BRYCE

**109.** DEA/7492-40

*Mémorandum du ministère des Finances d'une réunion avec des représantants des Pays-Bas*

*Memorandum by Department of Finance of Meeting with Netherlands Representatives*

[Ottawa,] December 17, 1945

The following met in Room 123 East Block to discuss further credits to the Netherlands and related matters:

| | |
|---|---|
| *For the Netherlands*: | Mr. Snouck Hurgronje,<br>Dr. Steenberghe,<br>Mr. Phillipse,<br>Dr. Riemens,<br>Mr. Albarda. |
| *For Canada*: | Dr. Mackintosh Department of Finance<br>R. B. Bryce |
| | Mr. Pierce<br>Mr. Starnes Department of External Affairs |
| | The Department of Trade and Commerce was unable to send representative because of another meeting taking place at the same time. |

Mr. Steenberghe, after noting the appreciation of his Government for Canada's action during this year, explained that their requirements from Canada were now a good deal larger than they had outlined in April last, because they had found after liberation that the Netherlands needed more than had been anticipated, and also because they had found Canada can supply

much more in the way of things they need than had been expected. He also stated that the Netherlands would be glad to get any information Canada could give them regarding the articles which Canada would like to import from the Netherlands, as this would help them in making repayments. He stated in reply to questions that they have already made commitments of something over $39 million against the credits we have already provided them, including the interim credit.

Of this $40 m. some $15½m. is for wheat, and several million more for oats, barley, horses, linseed oil, meat, etc. He will give us the details subsequently.

He went on to state that they now estimate the amount of their requirements up until May 1, 1946, will be about $25 m. in addition to the $40 m. already obtained. For the following year, from May of 1946 to May of 1947, they estimate they will need an additional $75 m., making a total of $140 m. for the two years. In the three following years they expect they will be buying something of the order of $55 m. a year from Canada. The general nature of the purchases they wish to make on the scales indicated includes foodstuffs, particularly wheat, raw materials, chemicals, railway equipment, trucks and other transportation equipment, and machine tools. Their program beyond May, 1947, is still uncertain, of course, and even their program during the year May, 1946, to May, 1947, to some lesser degree. In answer to a question from me, he stated that their contemplated program in the U.S. amounted to about $500 million in the year 1946. The American purchases will cover requirements of a more temporary nature than the Canadian, and taper off more rapidly. They include large amounts of special food-stuffs, such as meat and milk, which the Netherlands will produce domestically later on, as well as substantial amounts of capital equipment to re-equip Netherlands industries. In answer to another question, he indicated that they expected to finance this largely on credit, although they were not sure as to whether it would be an Export-Import Bank loan or a loan more akin to that provided to the United Kingdom by the U.S., on more favourable terms and conditions. They are particularly concerned about the shipping requirements on American loans.

There was a question raised about the possibilities of buying materials in Canada for the assembly of Ford cars in Amsterdam. They do not know whether they should buy this in Canada or in the U.S., nor who should approach the Ford Co., — the Netherlands authorities or the Canadian Government authorities. It was agreed they should talk to the Department of Trade and Commerce about this matter.

I asked Riemens whether they expected to be able to make cash payments earlier than they had expected last April, i.e., before May of 1947, as this would affect their requirements at that time. He replied that their negotiations regarding the unfreezing of assets were going fairly well in the U.K., were proceeding now with some dispatch in the U.S., but were going ahead with least progress in Canada. They expected some agreement in the U.S. in the reasonably near future, but the process of unfreezing under the agreement will probably be a slow one and they will be uncertain as to the amounts they can

count on. For that reason they do not feel that they can undertake to make their cash payments to us prior to May 1st of 1947.

Steenberghe then stated that his Government would like, in addition to increasing the amount of the credit to cover the program they had outlined, also to extend the period in order to make it similar to the credits we have granted the Belgians and undertaken to grant the French. Their wish would be to consolidate the $25 m. already provided with the amounts to be provided in future, including that for the repayment of the $15 m. interim advances, and to start repayment in 1950 and carry it on up to 1976 or thereabouts. They would also prefer, if possible, to arrange credits to cover the period up to 1950.

I suggested that it would probably be difficult for us to make commitments as to the amount of credit to be extended beyond May of 1947, and Dr. Mackintosh agreed, mentioning particularly that it would be difficult to do this when the amounts involved were so substantial. I also stated that it would be necessary if repayment did not commence until 1950 and went on until 1976, to charge an interest rate slightly exceeding 3%, although possibly lower than 3 1/10%. I suggested that they might consider the time repayment should start in the light of this interest question.

It was noted that we would go over their buying program in more detail during the afternoon at the suggested meeting with the Department of Trade and Commerce.

I mentioned the other major items involved in the Netherlands balance of payments with us. I stated that the Canadian Army owed the Netherlands a substantial amount for supplies and services obtained in the Netherlands while the Netherlands Army was, in turn, buying supplies and equipment from the Canadian Army and from the Department of Munitions and Supply here.[80] The Netherlands authorities themselves thought the amounts payable by the Canadian Army would be about 80 million guilders, and the amounts payable to Canada by the Netherlands Army about 40 m. guilders. I pointed out that in addition to these there were the more complicated items of the payment for the Canadian portion of the civilian supplies distributed by the military forces, and the "hot" or "black" guilders held by the Canadian Army. However, after account is taken of all these items there would, I thought, be some balance in favour of the Netherlands which could be utilized in buying here and which might therefore reduce their requirements of $140 m. although the amount of such reduction is very uncertain at present. Riemens asked whether we would be prepared to recognize net payments made as a result of these Army transactions as coming within the cash portion of the program. I said I would not like to answer that definitely without consultation with the F.E.C.B.[81] authorities, but that I thought it likely we would be prepared to regard any Canadian dollars obtained as a result of such settlements as convertible. (I felt that this was desirable in view of the attitude which the F.E.C.B. has recently been taking in regard to dealings with continental countries, and also in view of

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[80]Voir les documents 1185-7./See Documents 1185-7.

[81]Foreign Exchange Control Board.

our obtaining the condition of convertibility from the Netherlands in regard to any guilders that we acquired.)

We agreed to meet again with the Department of Trade and Commerce and to endeavour to see Mr. Ilsley in the next few days.

R. B. BRYCE

**110.** DEA/7492-40

*Le ministre des Finances au ministre des Pays-Bas*
*Minister of Finance to Minister of The Netherlands*

Ottawa, December 28, 1945

Dear Mr. Minister,

I have discussed with my colleagues in the Cabinet today the matters which were discussed last week with yourself and the party headed by Dr. Steenberghe, and I am writing to inform you of the substance of the views of the Canadian Government.

In the first place I want to assure you that the Canadian Government has a close and sympathetic interest in the needs of your country and in the problems of its reconstruction. The association of Canada with the Netherlands which arose out of the circumstances of the war, and particularly out of the presence in the Netherlands of a large part of the Canadian Army, is one that we cherish and which we hope will lead to enduring friendship between the two countries.

We have considered the program of purchases in Canada which your delegation showed to us last week, including supplies to the order of approximately $150,000,000 in the period May 1, 1945, to May 1, 1947, and supplies to a value of approximately $50,000,000 or $60,000,000 a year in the next three years. Broadly speaking, this appears to us a practical and reasonable program which we wish to assist you in financing.

We have considered this program as a whole but we do not feel prepared at this time to enter into commitments for financing more than the first two years of it, i.e., your estimated requirements up to May 1, 1947. We will be glad to discuss the financing of your requirements in later years some time in the latter part of 1946 or early in 1947, when we can see a little more clearly the way in which these operations would fit in with our general situation and policies, if this would be convenient to you.

At the present time we would like to limit the amount of credit to be provided to you under the revised agreement to a total of $125,000,000. As you know, we have made substantial commitments to other nations, and we must reserve some amounts to be used in meeting requests about which we have as yet only preliminary information. We believe that this amount would enable you to pay all the items in your program required up until early in 1947, and to cover such forward commitments as you are likely to have to make for deliveries up until April of that year. It should be possible for you to meet some

portion of the cost of your program from receipts from Canada in respect of goods and services supplied to the Canadian Army by the Netherlands, even after allowance is made for offsetting payments in respect of the purchase of surplus stores and equipment and other Army accounts. In addition, unless serious new delays are experienced, it should be possible, I think, for the Netherlands to make some part, if not all, of the agreed amount of purchases for cash obtained from the sale to Canada of gold or foreign exchange in the early part of 1947, if not in the latter part of 1946. If there should be any difficulties in these other sources of financing prior to May 1, 1947, they could be taken into account when we meet to discuss the provision of further amounts of credit for later use.

The Canadian Government is prepared to agree to the revision of the terms of the enlarged credit along the lines discussed last week, that is, providing for repayment in twenty-seven annual instalments commencing in 1950, and with interest rates averaging approximately 3.05%.

I hope that these points will be satisfactory to your authorities and that we can proceed to complete the new agreement early next month.[82]

Yours very truly,

J. L. ILSLEY

## SECTION D

### BELGIQUE/BELGIUM

**111.** DEA/6993-D-40

*Le secrétaire d'État aux Affaires extérieures au ministre, l'ambassade aux États-Unis*

*Secretary of State for External Affairs to Minister, Embassy in United States*

TELETYPE EX-1348 Ottawa, April 9, 1945

IMMEDIATE. Following for Pearson from Clark, Begins: Would you please transmit the following confidential message as quickly as possible to M. Gutt,[83] care of the Belgian Embassy, from the Hon. J. L. Ilsley, Minister of Finance:

On Friday last the Mutual Aid Board considered at length the policy it would follow in respect to providing under Mutual Aid supplies to Belgium and certain other European Allies in the light of other requirements for Mutual Aid and the general war situation. The conclusion reached was that only supplies required for direct military use in the war could be provided as Mutual Aid to Belgium and such other countries, and that raw materials, foodstuffs, machinery, rolling stock and civilian type supplies generally could only be

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[82]Voir Canada, Recueil des traités, 1946, N° 19.
See Canada, Treaty Series, 1946, No. 19.

[83]C. Gutt, ancien ministre des Finances de Belgique.
C. Gutt, former Minister of Finance of Belgium.

provided on the basis of cash or credit purchases. Any undertaking to extend Mutual Aid to these European Allied Nations beyond direct military supplies would involve an important change in Mutual Aid policy, which would have to be a matter for consideration by the Government to be responsible to the new Parliament, as the Government at present is restricting its action to that necessary to carry out established policy. There was keen appreciation of Belgium's urgent need for various civilian type supplies and every effort will be made to ensure that Belgium is enabled to obtain as much as possible of her essential requirements.

As all or practically all of Belgium's requirements from Canada appear to be of a civilian type and in view of the policy outlined above, we assume that there will be no need for any Mutual Aid agreement. We will therefore be prepared to arrange for settlement in cash for goods and services supplied to our forces by the Belgian authorities when satisfactory arrangements can be worked out by both sides with the United Kingdom, through whose agencies the Canadian forces receive these benefits from Belgium. We are also prepared to enter into a credit agreement with you along the general lines discussed when you were here.[84] In these discussions you originally suggested a thirty-year term but later indicated your willingness to consider a credit repayable in installments commencing in the sixth year and ending in the twentieth year. We would like to make the term of the credit accord as closely as possible with Belgium's needs and would be prepared to agree to repayment over a fifteen-year period, commencing with the sixth year, if you think this is the most appropriate term. However, as you were informed by Dr. Clark, the rate of interest we would be able to offer you would depend on the term of the credit, being higher for a longer term than for a shorter term. For an average term of about 5 years the rate would be two and one-quarter percent, for an average term of about 7 years, two and one-half percent, and for an average term of, say, twelve or thirteen years it would be approximately three percent.

When you were here you outlined a program which would have involved purchases of the order of $100 million. Whether supply conditions in Canada will make it possible to carry out the whole of that program, I am not in a position to say, but in any case it is practically certain that it will be necessary to spread your purchases over at least several quarters. This brings me to a difficulty from our point of view, which arises from the limited appropriation made available under our Act for direct loans to other Governments. As you will have noted, our statutory authority is limited at the present time, to $100 million. Some of that has already been used up and other credits are in various stages of negotiation. It is intended, however, to ask Parliament at the next session to increase our appropriation substantially and I have every confidence that some time next fall, we will have ample power to meet the whole of your requirements which may have to be financed by export credits. For the present, therefore, I would suggest that we arrange a credit of $25 million along the lines indicated above and that at the same time we have a supplementary

[84]M. Gutt eut participé aux discussions à Ottawa le 26 mars 1945.
Mr. Gutt had participted in discussions in Ottawa on March 26, 1945.

exchange of notes expressing the intention of the two Governments to enter into a further export credit arrangement along the same lines as soon as we in Canada have obtained the necessary additional appropriation from Parliament. In the meantime, if you require additional amounts before such amendments can be obtained, we would be prepared to consider guaranteed credits under our Export Credits Insurance Act. As you are probably aware, we have already arranged to provide temporary advances under the powers of our war appropriation act to enable us to purchase as your agents locomotives and other items that will aid directly or indirectly in the prosecution of the war, and this should help to overcome any temporary shortage of funds under the Export Credits Insurance Act.

You will recall the discussion concerning the agreed minimum proportion of your requirements to be purchased for cash. We would propose that purchases equal to twenty percent of the credits used, say, each month or each quarter, should be made with Canadian dollars obtained from the sale to Canada of gold or exchange convertible into gold. Any other Canadian dollars accrued or accruing to you from current payments to Belgium by Canada could be used to purchase here in addition and thereby reduce the amount of credit required. This would have the effect that five-sixths of Belgium's deficit on payments to and from Canada would be financed on credit, and only one-sixth by use of gold or its equivalent.

We would be glad to discuss these matters with you again at your earliest convenience, with a view to consummating an agreement as quickly as possible. A copy of this message is being furnished to Mr. Heyne[85] here.

**112.** DEA/6993-D-40

*Mémorandum du ministère des Finances au sous-ministre des Finances*

*Memorandum from Department of Finance to Deputy Minister of Finance*

[Ottawa,] April 23, 1945

*Re: Export Credits for Belgium*

I have already handed you a memorandum left with me by Mr. Couvreur of the Belgian Embassy, suggesting certain counter proposals in regard to export credits to Belgium. Mr. Couvreur's understanding of this proposal was that it would amount to an arrangement under which Belgium would offer credits to Canada, as well as Canada to Belgium, and at the conclusion of each year under which these credits were being drawn upon, a balance would be struck and the net indebtedness accumulated during the year would be reckoned. An amount equal to 20% or 25% of this net for the year would then be paid in gold

[85]Maurice Heyne, chargé d'affaires de Belgique.
Maurice Heyne, Chargé d'Affaires of Belgium.

or its equivalent and the balance would be funded in some way for a fairly long period on terms to be agreed in advance.

You will note that this resembles very much a combination of their proposed monetary agreement with an export credit arrangement to deal with the balance of indebtedness arising out of such a monetary agreement each year.

I am sending copies of the Belgian memorandum and this note to Mr. Pierce of External Affairs, Mr. Coyne of the Bank of Canada, and Mr. Max Mackenzie, of the Department of Trade and Commerce.

R. B. BRYCE

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de l'ambassade de Belgique*

*Memorandum by Embassy of Belgium*

The Belgian Government have examined the text of the cable forwarded by the Department of Finance to M. Gutt in Washington, as well as the dispatches from the Embassy of Belgium relative to the negotiations of M. Gutt and Baron Boël[86] with Canadian authorities on March the 26th at Ottawa. M. Gutt, who has communicated with the Belgian Government, has requested this Embassy to submit the following suggestions to the Canadian authorities.

As a rule Belgium does not wish to enter into a long-term credit with any other country with a view to securing agricultural and industrial commodities urgently needed for her economic war effort. Belgium's declared financial policy is to enter into mutual credit agreements with other countries. On these lines Belgium has signed agreements with the Netherlands, Great Britain and France. Belgium has also adopted this policy towards Argentina, Sweden, Portugal, Spain, etc.

The Belgian Government would like therefore the Canadian Government to consider the possibility of entering into a mutual credit agreement. In this case Belgium would be able to reimburse in Belgian commodities the amount of credit used. On the notice of withdrawal of the mutual credit agreement, Belgium would pay the balance due to Canada in gold or foreign currency. Canada and Belgium might also arrange that at the end of each year, the debtor country during that year pay in gold or in foreign currency to the creditor country 20% or 25% of its debit balance.

The Belgian Government would very much like to know what consideration the Canadian Government might be able to give to this counter proposal.

Reports from the Embassy of Belgium in Ottawa to the Belgian Government emphasize that Canada would not wish to be placed in the position of granting credits to Belgium if commodities purchased in other countries were

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[86]Conseiller financier principal de Belgique.
Chief Financial Adviser of Belgium.

paid for in cash (cfr. final paragraph of the notes[87] of the second meeting of March 26th held in Dr. Clark's office).

The Belgian Government wish to know if Dr. Clark's remark will be strictly adhered to. At present purchases in Argentina, Sweden, Portugal and Spain require either dollar or pound sterling. In accordance with the monetary agreement between Great Britain and Belgium, credits in excess of limit agreed upon are to be paid for in gold. Purchases made by Belgium in the United States are paid indirectly in gold.

M. Gutt will be in Ottawa at the end of this week or at the beginning of the following week, and upon completion of his negotiations he will leave Canada for Belgium. M. Gutt would very much like to bring the Belgian-Canadian financial negotiations to a definite conclusion before his departure from Canada.

**113.** DEA/6993-D-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis.*

*Secretary of State for External Affairs to Ambassador in United States.*

TELETYPE EX-1670 Ottawa, April 30, 1945

Following for Stone from Clark, Begins: Would you please transmit the following message to M. Gutt at the Belgian Embassy, from me:

We have received from your Embassy in Ottawa a memorandum commenting on the export credit arrangements discussed with you and containing certain counter proposals which your Government have put forward for consideration. We may not fully understand all aspects of the counter proposals but generally speaking they seem to ignore several of the points important from Canada's point of view which we had explained to you and Baron Boël in our several discussions and I fear that they are not such as the Canadian Government could entertain.

In the first place, they appear to incorporate many of the features of the monetary agreement which you had discussed with us earlier in a preliminary way and which, for reasons we made clear, we had decided to defer. My feeling is that this counter proposal would have the same basic disadvantage as the proposed monetary agreement itself in suggesting to other countries that Canada and Belgium were setting up bilateral currency arrangements which if adopted by other countries, for instance the United States, would seriously militate against the interests of both Canada and Belgium.

Furthermore, I doubt very much whether we have any statutory authority which would enable the Canadian Government to borrow under the proposed mutual credit plan and in view of the probability that Belgium will need to buy substantially more from Canada than she will be able to export to Canada, the

[87]Non trouvé./Not located.

unreality of a reciprocal credit would be so apparent that I doubt whether we could contemplate asking our Parliament for the requisite authority. On the other hand, it would seem that it should be clearly understandable to other countries with which Belgium has already negotiated mutual credit agreements, that Belgium's arrangements with Canada and with the United States might be of a different nature.

I understand that you will be coming to Ottawa shortly and we will be glad to discuss these questions with you at that time. I thought, however, that you would prefer to have some preliminary indication of the difficulties which the counter proposals of your Government would create for the Government of Canada.

**114.** DF/Vol. 4316

*Mémorandum du premier secrétaire, l'ambassade de Belgique*

*Memorandum by First Secretary, Embassy of Belgium*

May 11, [1945]

NOTES OF MEETING

Were present:

*For Canada*: Dr. W. C. Clark, Deputy Minister of Finance; Mr. M. W. Mackenzie, Deputy Minister, Department of Trade and Commerce; Mr. R. B. Bryce, Financial Investigator; Mr. H. F. Angus, Department of External Affairs; Mr. S. D. Pierce, Economic Division, External Affairs; Mr. J. E. Coyne, Executive Assistant to the Governor of the Bank of Canada.

*For Belgium*: M. C. Gutt, former Minister of Finance of Belgium; M. M. Heyne, Belgian Chargé d'Affaires a.i.; M. L. Couvreur, First Secretary of the Belgian Embassy.

M. Gutt recapitulates the reasons why Canada is not willing to enter into a reciprocal credit agreement with Belgium as they were outlined in a long telegram from the Canadian Department of Finance. M. Gutt understands these reasons. On the other hand, Belgium started reciprocal credit agreements two years ago at a time when she did not know Bretton Woods proposals would come into existence. In the reciprocal credit agreements of Belgium with the Netherlands, Great Britain and France provision is made that if one of the signatory parties enters into a larger financial agreement, such as the Bretton Woods proposals for instance, the reciprocal credit agreements would have to be adjusted. On principle, Belgium is reluctant to consider a long term credit with any other country because she is negotiating with other countries on the basis of her reciprocal credit. Nevertheless, if Canada maintains her position, Belgium will not persevere in this direction.

Dr. Clark stated that reciprocal credit agreements even with safeguarding stipulations to adjust them in case of multilateral credit agreements have

nevertheless a tendency to perpetuate and therefore wreck the chances of a multilateral agreement. Canada is so closely related to the United States in financial matters that she would not like to do anything against the principle of multilateral agreement as it is laid down in the Bretton Woods proposals. Canada has no statutory powers to enter into a reciprocal credit agreement with Belgium. The Canadian Parliament is not likely to endorse such a policy. The Canadian Government is however willing to help Belgium in granting her an export credit for the amount of Belgian purchases in Canada.

M. Gutt pointed out that Belgium would not like any publicity about the credit granted by Canada. He is in favour of a loan for a short period, for instance ten years. In this respect, M. Gutt mentioned a conversation he had with M. Steenberghe[88] who recently concluded a credit in Canada on behalf of the Netherlands for a period of ten years with reimbursement at the end of the sixth year, interest of 2¼%, cash payment of 20% to be made in proportion of the credit used. This last information was given by Dr. Clark upon request of M. Gutt. Dr. Clark said also that certain arrangements had been made to adjust the rate of interest according to the average length of the credit. If Belgium uses the entire credit in the first year, the reimbursement which only takes place at the sixth year will make it a credit of an average period of 7½ years. Therefore, the rate of interest would be 2½% instead of 2¼%. Notes have been exchanged on the subject between the Canadian and Netherlands Governments.[89] Canada is prepared to enter into a similar agreement with Belgium even for a long period provided that the rates of interest would be adjusted accordingly. The rate of interest is payable as soon as the money has been drawn for buying Canadian supplies.

M. Gutt asked Dr. Clark what he really meant in emphasizing in a previous meeting that Canada would not wish to be placed in the position of granting credit to Belgium if commodities purchased in other countries were paid for in cash. M. Gutt stated that in Argentina, commodities could only be paid for in United States dollars. Even in the United States purchases are paid in U.S. dollars. Dr. Clark replied that the 20% of cash asked for in proportion of the purchases made by Belgium in Canada would be quite sufficient.

M. Gutt asked if he could receive a copy of the credit agreement between Canada and the Netherlands. He could ask a copy from the Netherlands Government but in order to lose no time he availed himself of the opportunity of being here to make this request. Dr. Clark said that he was quite willing to give him a copy in spite of the fact that this credit agreement was not for publication.[90]

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[88]M. P. C. Steenberghe, président, Mission des Pays-Bas aux États-Unis chargée de l'économie, des finances et de la navigation.
M. P. C. Steenberghe, President, Economic, Financial and Shipping Mission of the Netherlands in the United States.

[89]Voir Canada, Recueil des traités, 1945, N° 28.
See Canada, Treaty Series, 1945, No. 28.

[90]Note marginale:/Marginal note:
with name of country omitted

Dr. Clark wanted to know Belgium's reply with regard to the granting of a credit as soon as possible. It was agreed upon that M. Gutt would be able to give a definite answer in a fortnight. Dr. Clark insisted because Canada under the Export Credit Insurance Act can only grant One Hundred Million dollars ($100,000,000) credit. Several countries have asked credits and Canada had to refuse the amounts requested for because she had allocated Twenty Five Million Dollars ($25,000,000) to Belgium.

When Parliament meets again after the general election there is no doubt that the ceiling of One Hundred Million Dollars ($100,000,000) credit will be raised and that Belgium will be in a position to increase her credit in Canada. Dr. Clark mentioned that, at the present time, France pays in cash for her purchases in Canada. She will contract in the autumn a big loan and the purchases in cash she is now making will account for the proportion of cash requirements asked for by the Canadian Government in granting a long-term loan.

**115.** DF/Vol. 4316

*Le ministère des Finances à l'ancien ministre des Finances de Belgique*

*Department of Finance to former Finance Minister of Belgium*

Ottawa, May 11, 1945

Dear Mr. Gutt:—

I am sending you enclosed two copies of the credit agreement[91] which we have recently concluded with another country, as you know, and of the accompanying letter, which contained certain collateral understandings. As Dr. Clark told you, we have been asked to keep this agreement and this letter confidential until we are instructed otherwise, and therefore this information is passed to you on a strictly confidential basis.

You will note in the last paragraph of the letter that it is provided that the agreed amount of cash purchases will be postponed until the third year of the agreement, rather than being carried out during the first two years. This we regard as an exceptional provision to meet the special circumstances arising from the difficulties which the country in question has faced in securing the release of its dollar assets from custodian and other controls. In the other agreements which we are negotiating, we are proposing that the purchases financed by the sale to Canada of gold or foreign exchange convertible into gold shall be made at the same time as the credits are being drawn upon. I would therefore suggest that for your purposes you consider the last paragraph replaced by the following sentences:

"To implement this intention it is understood that the Government of will at the end of each quarter commencing on or after this date during which the credits referred to in this letter are drawn upon, acquire Canadian dollars by

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[91]Note marginale:/Marginal note:
with name of country deleted

the sale to Canada of gold or foreign exchange convertible into gold in an amount not less than 20% of the amount of credit utilized during each such quarter year. It is also understood that the Canadian dollars so acquired will be used either to meet the current requirements of in Canada, or to make repayments of the credits, or to redeem the bonds provided for under the agreement dated today or the subsequent agreement referred to in this letter."

If there are any questions you have concerning this form of agreement and letter, we would be glad to give you such further information as we can about them through M. Heyne.

Yours truly,

R. B. BRYCE

**116.** DF/Vol. 4316

*L'ambassadeur de Belgique au sous-ministre des Finances*
*Ambassador of Belgium to Deputy Minister of Finance*

No. 4255/CL:975 Ottawa, le 14 août 1945

Monsieur le Vice Ministre,

Comme suite à notre conversation téléphonique de ce matin, j'ai l'honneur de vous confirmer que d'après des instructions arrivées à l'instant de Bruxelles, le Gouvernement belge est en principe d'accord pour la conclusion de l'emprunt de $25,000,000 (vingt cinq millions de dollars canadiens) mentionné dans la lettre que M. Bryce a adressée en date du 11 mai à M. Gutt.

Le projet de contrat appelle cependant de la part du Gouvernement belge, les observations suivantes:

1. Les $ canadiens, objet de l'emprunt, doivent pouvoir être utilisés pour les besoins du Congo et du Grand Duché du Luxembourg au même titre que pour les besoins métropolitains belges.[92]

2. Il doit être entendu que le Trésor peut amortir conformément au tableau d'amortissement ou anticipativement à son option en faisant, à son choix, des paiements en or ou en dollars canadiens.[93]

Dès l'instant où le Trésor a le choix entre ces deux modes de payement la clause relative à la détermination du prix de l'or, telle qu'elle est insérée à l'article 9 du project de contrat peut être admise telle quelle.

Par contre il est important de préciser que le Trésor pourra affecter au remboursement de sa dette tous les dollars canadiens dont il se trouverait, ou dont la Banque Nationale se trouverait être propriétaire ou détenteur à un moment donné.

Ce sont notamment les dollars provenant des sources suivantes:

(a) dollars canadiens reçus à titre de remboursement des billets belges mis à la disposition des troupes canadiennes en Belgique;

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[92]Note marginale:/Marginal note:
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(b) dollars canadiens provenant des avoirs existants ou à venir belges, congolais ou luxembourgeois;

(c) dollars canadiens qui pourraient être acquis par le canal de l'"International Monetary Stabilisation Fund" ou de l'"International Bank for Development and Reconstruction";

(d) dollars canadiens provenant d'acquisitions de francs belges par des ressortissants canadiens (notamment pour des transferts de caractère financier).

Il conviendrait de plus d'obtenir l'assurance que les importateurs canadiens seront autorisés à régler leurs achats dans l'Union Economique Belgo-Luxembourgeoise et au Congo Belge en dollars U.S.A.

3. Il devrait être précisé également que pendant toute la durée du contrat et notamment au cas où expirerait "such period as foreign exchange regulations in Canada require that exports from Canada, to Belgium result in the sale of U.S.$," la Banque du Canada acceptera de vendre du $ canadien contre du $ U.S.A., au cours officiel en vigueur au jour de l'opération. Cette stipulation est essentielle pour que le Trésor puisse bénéficier de l'option prévue au premier paragraphe de l'article 9.

En effet si le prix que les autorités canadiennes fixeraient pour l'or était trop onéreux, le Trésor ne pourrait se libérer qu'en acquérant du dollar canadien contre dollars américains, qui peuvent toujours être acquis contre or au prix officiel à la Federal Reserve Bank of New York.

Ces diverses conditions pourraient être stipulées dans une lettre annexée à la convention, (analogue à la lettre datée d'Ottawa 1st May, 1945) qui accompagne le texte d'accord communiqué à M. Gutt.

4. L'Etat belge se réserve le droit de demander que le compte spécial prévu à l'article 2 soit ouvert à la Banque Nationale de Belgique au lieu d'être ouvert à son nom.

Veuillez agréer etc.

A. PATERNOTTE DE LA VAILLÉE

**117.** DEA/6993-D-40

*Le sous-ministre par intérim des Finances à l'ambassadeur de Belgique*

*Acting Deputy Minister of Finance to Ambassador of Belgium*

Ottawa, September 7, 1945

Dear Mr. Paternotte de la Vaillée,

I should have written before this thanking you for your letter of August 14th regarding a credit agreement between Belgium and Canada and a number of detailed points concerning the terms of the suggested agreement. Unfortunately we have been delayed in preparing a reply to your letter by the urgent

matters arising from the end of hostilities and preparations for the session of Parliament which has just commenced.

As Dr. Clark informed M. Gutt, we have reserved $25,000,000 within the amount we are authorized to loan by Parliament so that we can lend this amount to you as soon as the details of the agreement are worked out. I think the Minister would also be willing to inform you of the Government's intention to increase the amount of the credit at a later date, when Parliament increases the amount which the Government may loan under our legislation.

I find it is not altogether clear from the correspondence and records of discussions on this matter just what length of loan your Government would wish to obtain from us. In Mr. Ilsley's message to M. Gutt of April 9th,[94] several lengths of loan were mentioned, with interest rates dependent upon the length chosen. Perhaps it would be desirable for us to discuss this matter further before proceeding with the drawing up of a draft agreement. If, on the other hand, your authorities have already decided on the term they would wish, I would be glad to learn of it from you. I believe you are familiar with the principle by which we determine the interest rate that we are prepared to offer for loans of various terms.

Proceeding now to deal with the specific inquiries in your letter to me, I should say first of all that we would be quite prepared to agree that the funds provided in the credit could be used to meet the needs of the Congo and the Grand Duchy of Luxembourg, as well as Belgium. We are also quite agreeable to the second point: that Belgium may pay off the debt before maturity if it so desires, paying either in gold or in Canadian dollars. I believe in fact that this point was covered explicitly in paragraph 10 of the draft agreement which Mr. Bryce gave to M. Gutt on May 11th.

In regard to your major point, stating that you would wish Belgium to be able to make repayment with any Canadian dollars coming into the hands of the Belgian Treasury or the National Bank of Belgium, there are more detailed points to be considered. We should be prepared to agree to repayment from any Canadian dollars accruing to Belgium from current account transactions between Belgium and Canada. This would include category (a) mentioned in your letter, i.e., dollars received in the purchase of Belgian currency for the use of Canadian troops, and also probably category (d), Canadian dollars obtained from the purchase by Canada of Belgian francs, particularly for financial transactions, though I think it would be desirable to settle more clearly what you have in mind in this category. We should also be quite prepared to have the loan repaid with Canadian dollars acquired from the International Monetary Fund or the International Bank for Development and Reconstruction. There is more difficulty, however, in regard to Canadian dollars derived from capital account sources, inasmuch as this may conflict with the principles of our exchange control. Normally under our exchange control, Canadian dollars obtained from the sale of assets in Canada by non-residents are not regarded as good payment for exports from Canada. The reason for this is, of course, to

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[94]Voir le document 111./See Document 111.

prevent such action being used to nullify our general control over capital movements. Consequently, we would need to qualify our agreement in regard to the repayment of the loan with Canadian dollars derived from the sale of Canadian securities held by residents of Belgium to restrict it to the use of Canadian dollars derived from the sale of Canadian assets held by residents of Belgium, as authorized from time to time during the period in question by the Foreign Exchange Control Board of Canada. I believe that the Board would be willing to give sympathetic consideration to requests that Canadian dollars derived from the sale of Canadian assets held by residents of Belgium prior to the commencement of Canadian exchange control in 1939 (or acquired subsequently with Canadian dollars owned by residents of Belgium as at September 16, 1939, or in exchange for assets originally owned) could be used for repayment of loans made to the Belgian Government. On the other hand, the Board would be less likely, I believe, to agree to the use for this purpose of the proceeds of sale of Canadian securities acquired by residents of Belgium outside of Canada since the commencement of exchange control. Furthermore, of course, we should not wish the loan to be repayable with Canadian dollars purchased in unofficial markets outside of Canada in which non-residents of Canada may sell Canadian dollars to one another.

In your paragraph 3 you ask that during the course of the agreement and particularly during "such period as foreign exchange regulations in Canada require that exports from Canada to Belgium result in the sale of U.S. dollars . . .," we assure you that the Bank of Canada will undertake to sell Canadian dollars for U.S. dollars at the official rate in effect on any day in which you may wish to purchase Canadian dollars, in order that your Treasury may benefit from the option provided to it in Article 9 of the draft agreement. We are quite prepared to agree to this, and it means that in effect the loan can be repaid at any time from Canadian dollars derived from the sale to the Canadian Foreign Exchange Control Board of U.S. dollars.

In regard to your last point, we are quite prepared to provide in the agreement that the moneys may be paid into an account in the name of the National Bank of Belgium. I presume you will make the necessary arrangements with the Bank of Canada in this respect and for the operation of the account. Our cheques will, of course, be payable to the Belgian Government, but I presume that the National Bank of Belgium is authorized to accept them on behalf of your Government.

When you have had a chance to consider this replay, I would suggest that officials of your Embassy might get together with officials of my Department, and perhaps of the Bank of Canada, and get the necessary documents prepared so that we may complete the arrangements and the transfer of the credits to your account without delay.[95]

Yours very truly,

W. A. MACKINTOSH

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[95] L'accord fut signé à Ottawa le 25 octobre 1945. Voir Canada, Recueil des traités, 1945, N° 22. The agreement was signed at Ottawa on October 25, 1945. See Canada, Treaty Series, 1945, No. 22.

## SECTION E

### NORVÈGE/NORWAY

**118.** DF/Vol. 4321

*L'adjoint exécutif du gouverneur de la Banque du Canada au sous-ministre des Finances*

*Executive Assistant to Governor of the Bank of Canada to Deputy Minister of Finance*

San Francisco, April 25, 1945

Dear Dr. Clark,

I have just had a long conversation with Mr. Arnold Raestad, Governor of the Bank of Norway, who came to see me regarding methods of financing Norwegian purchases in Canada after liberation. In my conversations with Mr. Hallvar Hillestad a couple of weeks ago regarding the transfer of United States funds to Canada by the Norwegian Trade and Shipping Mission, it had been arranged that the matter should be further discussed with Mr. Raestad here in San Francisco, which explains why he came to see me.

He began by saying that the London Government had recently been giving general consideration to Norwegian post-war requirements and possible credit arrangements with Sweden, Switzerland, the United States and Canada. They were not prepared to go through with the deal which Hillestad discussed with me at the present time, except as part of a more general arrangement, which would include financing some part of their purchases through credit.

Their Canadian dollar requirements are now estimated at $20,000,000 to $30,000,000 to cover the first eighteen months, but this figure is regarded as rock bottom, as it is anticipated that when the Government gets back to Norway and the departments re-established, they will be reminded of many important items which they have overlooked. They would like to think in terms of about four years ahead and, on this basis, Mr. Raestad thought that their requirements would be at least $70,000,000. As to the character of the supplies they want, he was very indefinite; the only concrete information he had was that they would want to buy $10,000,000 worth of wheat in addition to the $4.8 million worth of wheat they already own in Canada. I made it clear to Mr. Raestad that the negotiations would have to be conducted with you. However, I outlined to him the general character of our legislation, and mentioned that, the appropriation being limited, we would want to make any credit initially granted of a magnitude which would see them through say the first eighteen months, but that there might be a simultaneous exchange of letters on the

Dutch model[96] (I did not, of course, mention the Dutch negotiations to him). I tried to sound him out regarding the proportion of their total requirements which they would expect to pay for in United States funds. He would not commit himself on this, but my general impression is that they would probably not be averse to going through with the transfer of $10,000,000 United States, which Hillestad discussed with me if we were willing to give a credit of $20,000,000. However, I may be wrong about this.

As regards the period of repayment, they have in mind a very long-term credit, Raestad mentioning a term of fifty years. I said, of course, that this was much longer than we had ever contemplated, and I do not think they would be averse to a credit repayable after five years and extending to twenty years.

The first question which Raestad raised with me was whether we would be willing to accept payment, for at least certain exports, in sterling. I gave a definite answer on this point along the lines that you can imagine, which he fully understood. He said, however, that their sterling resources were so large (now approaching £100,000,000), that they would be obliged to raise this question formally with you. They evidently have an understanding with the British that their pre-war sterling balances, which consist of approximately £2,000,000, held by the Bank of Norway, and approximately £3,000,000 held by private individuals, are freely transferable outside the sterling area. He also argues that they are entitled to special consideration regarding the transferability of their sterling assets because so much of it has arisen as a result of the loss of capital assets in the form of insurance payments on ships which cannot be replaced in the United Kingdom.

Mr. Raestad wanted to arrange for Mr. Kolbjornssen, the Financial Counsellor of the Norwegian Embassy in Washington, and Mr. Hillestad, the New York representative of the Bank of Norway, to come to San Francisco to discuss the matter further with me. I said that I could see no point in this, as I had no administrative responsibility in these questions and discussions would ultimately have to take place in Ottawa. Mr. Raestad is planning to go to Ottawa after the Conference, but he is afraid that he may be called back to London suddenly, which would necessitate his altering these plans or spending a very short period of time in Ottawa. He does not want to be in the position when he starts his discussion with you of being confronted with a request for information which he would have to cable London for, thus involving delay.

It would facilitate matters if you could let me know of any particular information that you will want to obtain from the Norwegians when these discussions start in Ottawa so that he can arrange to get it before going there. Their United States dollar position is rather flush at the moment. They have $106,000,000 in United States dollar balances, a line of credit of $16,000,000

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[96]Voir Canada, Recueil des traités, 1945, N° 28.
See Canada, Treaty Series, 1945, No. 28.

from New York banks, and a certain amount of gold with us — I believe $12,000,000 or $15,000,000. He said that the Norwegian Minister in Ottawa had tried unsuccessfully to get a copy of the Czech Credit Agreement.[97] I wonder whether you could send a copy of this down to me or a copy of the type of agreement that you would propose to the Norwegians, so that he can give thought to the questions it raises before going to Ottawa.

It would be helpful if you could reply to this letter by airmail via diplomatic pouch. Mr. Raestad will make no further moves until I get in touch with him again.

I am sending a copy of this letter to Mr. Towers.

With kind regards,

Yours sincerely,

L. RASMINSKY

**119.** DF/Vol. 4321

*Le sous-ministre des Finances*
*à l'adjoint exécutif du gouverneur de la Banque du Canada*

*Deputy Minister of Finance*
*to Executive Assistant to Governor of the Bank of Canada*

CONFIDENTIAL Ottawa, May 1, 1945

Dear Mr. Rasminsky:

I have your letter of April 25th, reporting your conversation with Mr. Arnold Raestad, Governor of the Bank of Norway, about the possibilities of financing Norwegian purchases in Canada following the liberation of Norway. I very much appreciated your letting me have so fully and so promptly the information which he gave you and the inquiry which he made about any further information that we might want.

In general, the information we would like to have would be whatever they could tell us in regard to the amount, nature and timing of their requirements from Canada. In particular, and because of the current shortage in the amount of funds we have at our disposal before the next session of Parliament, I would like to know how much they would need during the next six or eight months. We should also like to have some general information regarding their external financial position, but you appear to have obtained the essential facts and given them to us in your letter, both in regard to their sterling resources and their dollar resources. There is no other information which I can think of at the moment that we should like to have and which he is unlikely to have with him. If anything else occurs to me I shall write you again.

I regret that we have not a copy of our agreement with Czechoslovakia on hand which I could send you, and there will not be time to have another copy

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[97]Voir Canada, Recueil des traités, 1945, N° 25.
See Canada, Treaty Series, 1945, No. 25.

typed before this letter must leave. However, I am sending you enclosed a copy of the agreement which we are tonight signing with the Netherlands, from which I have had removed the name of the Government and the rate of interest. As you will recall, the rate is somewhat misleading in this agreement because of its connection with the larger transaction. I should point out that the Netherlands authorities do not wish any announcement or information about this loan given out at the present time. For that reason I do not believe you should indicate to anyone there that we have concluded this agreement.

We shall be glad to see the Norwegians as soon as they can be here. I ought to point out to you, however, and perhaps you should point out to them, that the bulk of the funds available to us for direct loans under the Export Credits Insurance Act are already pretty well committed, and that if their requirements in the next six or eight months exceed a few million dollars, it may be necessary to consider guaranteed loans, at least on an interim basis. The details of this, however, are a matter we can discuss when they get here, but I think it desirable that you should not give them the impression that we can provide them with much in the way of direct credits in the next few months. For your own information I might say that we have, of course, committed $15 million to the Czechs, and now $25 million to the Dutch. We have offered $25 million to the Belgians, and the French have been in recently, hoping to get large amounts and rather disappointed to find that we could only give them $20 million or $30 million in the next few months. In addition, Crena de Iongh expects to be here in the next week or two to arrange a credit for the Netherlands Indies. Almost certainly all of these will want direct credits, and it is obvious that our present appropriation will not suffice to meet all these requests.

With kindest regards,

Yours very truly,

W. C. CLARK

**120.** DF/Vol. 4321

*L'adjoint exécutif du gouverneur de la Banque du Canada au sous-ministre des Finances*

*Executive Assistant to Governor of the Bank of Canada to Deputy Minister of Finance*

CONFIDENTIAL San Francisco, May 9, 1945

Dear Dr. Clark,

I conveyed to Mr. Arnold Raestad, Governor of the Bank of Norway, the gist of your letter of the 1st. I saw him today at his request and he expressed very deep disappointment at our difficulty in extending credits in substantial amounts until there is a fresh appropriation of funds. He said that he had since 1940 been an ardent propagandist in favour of extending trade relations between Norway and Canada and that it would therefore be particularly disappointing to him if financial considerations were to stand in the way. He

recognized, however, that the Norwegian Government should have approached us earlier and referred to the necessarily disorganized nature of the activities of a government in exile which had prevented them from doing so as soon as they had knowledge of our export credits Insurance Act.

He said at first that the question of taking guaranteed credits would be a difficult one for Norway. The Government itself would not wish to borrow from any individual commercial bank and certainly not from a particular exporter. To borrow from an individual bank would place them in an invidious position. The Norwegian Trade and Shipping Mission which has, as I recall, a balance of some five or six million dollars in Canadian funds (arising out of shipping earnings which they have chosen not to convert into United States funds) is not authorized to borrow. The Bank of Norway is also debarred under its statutes from borrowing and a special decree was required to authorize it to contract the sixteen million dollar loan from the group of American banks which I referred to in my letter of April 25th. This loan, incidentally, is for two years on a 2% basis. The amount is somewhat larger than the Norwegians wanted and they had to extend it to allow a reasonable participation by practically all the New York banks. The funds raised by the Bank of Norway in this way are being loaned and not sold to Norwegian ship owners and exporters in order to preserve the so-called self-liquidating character of the transaction which is being handled through the Norwegian commercial banks and not directly by the Bank of Norway. The Bank of Norway is a private joint stock company with shares fairly widely distributed and actively traded in. The Governor and the Deputy Governor are appointed by the King in Council and the other three directors by the Norwegian Parliament to whom the Bank is directly responsible. This no doubt explains the conservative way in which its borrowing operations are handled.

I told Raestad that the whole question was one which should be discussed with you and suggested that he proceed to Ottawa as planned after the Conference. He said at first that the difficulties he saw in the way of guarantees, even if the guaranteed loans were to be repaid out of later direct credits to the Norwegian Government, were so great that he doubted whether it would be worth proceeding unless there was a reasonable hope that fairly substantial amounts might be available in direct credits.

I asked him what he estimated their Canadian dollar requirements to be during the next six or eight months. He refused to answer this question saying that their requirements were variable since the distribution of their purchases would depend in large part on financial considerations and they might be obliged to direct their purchases to certain countries where easier finance was available. He again mentioned the fact that credit negotiations were under discussion with Sweden, Switzerland and the United States. He also informed me (though he was not quite sure whether this information was official) that the Argentine Government has just made a gift of forty thousand tons of wheat to Norway and the Swedish Government has provided the use of three tankers to transport the wheat.

I pointed out to Raestad that the gap he was concerned with was not six or eight months' requirements of Canadian dollars but a substantially smaller amount since they already had large Canadian dollar holdings which they would presumably use and some portion of their purchases would be paid for in cash in the form of United States funds. In the end he agreed that this was the case and also that the difficulties of using a guarantee method might not be as great as he originally thought.

Our conversation ended inconclusively. I said merely that I would report the conversation to you and he said that he would think the matter over again.

If there is anything that you wish me to add to what I told Raestad I would be grateful if you would let me know, perhaps by telegram. One point which seems fairly clear is that the Norwegians will part reluctantly with United States dollars.

I am sending this letter to you in duplicate as I do not know whether Mr. Towers is still in Ottawa. If he is, I would be grateful if you would send a copy of it to him.

Yours very truly,

L. RASMINSKY

**121.** DF/Vol. 4321

*Le sous-ministre des Finances*
*à l'adjoint exécutif du gouverneur de la Banque du Canada*

*Deputy Minister of Finance*
*to Executive Assistant to Governor of the Bank of Canada*

Ottawa, May 12, 1945

Dear Lou:

Thanks very much for your letter of May 9th in regard to your conversation with Mr. Arnold Raestad, Governor of the Bank of Norway. In fact, if it were not for your various letters and for Norman Smith,[98] we would know very little about what is happening at San Francisco.

I think that there is very little to add to what you yourself have said to Mr. Raestad. However, I think he was going too far when he intimated that financial considerations might stand in the way of extending trade relations between Norway and Canada. I assume you made clear to him the device we used in the case of the Netherlands, and again in the case of the Netherlands East Indies as a result of a visit which Dr. Crena de Iongh paid to us this week.[99] In other words, if the direct credit which it was possible for us to make under our present Parliamentary appropriation proved to be too limited for Norway's needs we could by a supplementary exchange of notes agree to enter into a further credit to cover the balance of their requirements over a

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[98]I. Norman Smith, correspondant de la Presse canadienne à la Conférence de San Franciso.
I. Norman Smith, Canadian Press correspondent at San Francisco Conference.
[99]Voir le document 103./See Document 103.

reasonable period, the new credit to be entered into as soon as Parliament had given us the necessary increase in our appropriation. We will be very glad, of course, to sit down with some one representing Norway and consider a mutually satisfactory program for financing the total of their probable Canadian purchases over an agreed period. For your information, I may say that we had a very pleasant discussion with M. Guindey,[100] and reached, I think, a mutual understanding of our mutual positions. In view, however, of the small size of the credit which we could make available at the moment and in view of the French desire not to jeopardize a future credit deal with the United States, M. Guindey, after discussion with M. Pleven[101] in Washington, confirmed to me today that they would prefer to proceed with cash payments for the next few months and with the hope of entering into a large credit deal some time next fall when our increased appropriation should be available. The cash purchases made during the next few months will be allowed to count as meeting in part any provision for a proportion of cash payments which we may include in the agreement. This decision on the part of France, which is the one I expected, will release an additional $20 to $30 million of lending authority. It will enable me to meet de Iongh's immediate requirements of $15 to $20 million and make it possible for me probably to do a somewhat similar deal with Norway if Norway should require it. M. Gutt has also been here this week[102] and he is to give me his reply in about ten days' time after he has had an opportunity of discussing our proposals with his Government in person. Incidentally, I had again to express our reluctance about entering into monetary agreements or mutual credit arrangements and M. Gutt while not accepting our argument fully nevertheless stated that he personally understood our position and that it was what he expected.

I hope you will prevail upon Mr. Raestad to come to Ottawa in order that we may get down to brass tacks on his problem. I sent the copy of your letter to Mr. Towers, who expects to leave with his colleagues on Monday.[103]

Yours sincerely,

W. C. CLARK

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[100]Voir le document 128./See Document 128.

[101]René Pleven, ministre des Finances de France.
René Pleven, Minister of Finance of France.

[102]Voir le document 114./See Document 114.

[103]Pour la Grande-Bretagne pour des discussions avec des fonctionnaires du Trésor. Voir le volume X, documents 540-2.
For Great Britain for talks with Treasury officials. See Volume X, Documents 540-2.

**122.** DF/Vol. 4321

*L'adjoint exécutif du gouverneur de la Banque du Canada au sous-ministre des Finances*

*Executive Assistant to Governor of the Bank of Canada to Deputy Minister of Finance*

San Francisco, May 22, 1945

Dear Dr. Clark,

As I telegraphed you yesterday[1] a group of Norwegians is planning to go to Ottawa next week to negotiate an export credit.

I had a visit yesterday from Colbjornsen [*sic*] and Hillestad who are going instead of Raestad for the reason mentioned in my telegram. The conversation was very general and revolved around two main questions: (a) the amount of their Canadian dollar requirements until the end of this year and (b) the question of partial payment in U.S. dollars or gold.

On the first question they were rather indefinite as they did not have recent estimates of their Ministry of Supply. They spoke, however, of total requirements of twenty million dollars. I said that on the basis of the information I had had from you this was probably higher than could be made available out of the present appropriation. By the time they get to Ottawa they will have the supply representative along with them and will no doubt have a more exact idea of how much they want to spend and what they want to spend it on.

On the question of partial payment in foreign exchange they put up quite a strenuous battle against any such provision. The line they took was that Norway did not want to borrow more than she needed to and would certainly pay as much as she could in cash so there is no necessity for any specific understanding regarding part payment in foreign exchange. Hillestad also produced the extraordinary argument that our asking for part payment in foreign exchange was based on a bilateralist approach which was contrary to our declared policies. I naturally replied to this that the opposite was true, that multilateralism in financial matters meant using the currency of third countries to settle international transactions and this is what we were proposing.

I stated very emphatically that the decision in these matters was in your hands but that I could not possibly advise you to undertake to finance the whole of the Norwegian deficit of Canadian dollars even for a limited period of time. I explained that we were the world's largest solvent debtor, that we had to have a certain inflow of United States funds to keep our economy going, that in the past our current account deficit with the United States had been covered by converting the surplus arising in transactions mainly with the United Kingdom and continental Europe and that we had to maintain our United States dollar income as high as we could. They knew that there was no provision for part payment in foreign exchange in the Czech agreement and I explained that this was because the Czechs had no foreign assets of any

magnitude and that in all other agreements negotiated since that time there was such a provision.

We did not discuss, except obliquely, what the proportion of foreign exchange payment should be. In explaining the technique, however, I used an arithmetic example given by Colbjorsen, taking as the basis a United States dollar payment of 25% of the amount of credit extended. I think that they would agree to go at least this high and unless you feel that we should make these percentages uniform for all countries, I do not think that you should go any lower.

I imagine that they will go over all this ground with you again. Hillestad particularly is a tough negotiator but they have been softened up here. Incidentally, in explaining our need for United States funds I made no reference to the United States dollar content of our exports and I do not think that this is really a strong argument as it involves discussion of particular commodities. They have, as you know, already bought a good deal of wheat in Canada and are now planning to buy ten thousand tons of flour.

The Norwegian Trade and Shipping Mission has certain Canadian dollar deposits arising out of shipping earnings which they have chosen not to convert into United States funds. I asked what these deposits now amounted to and what they proposed to do with them. Hillestad said that they now amounted to 3.8 million dollars (you can check this through Turk)[104] and that they regarded this as a normal working balance. It is high for a normal working balance but I am inclined to think that you could let this ride and raise no objection to them retaining these balances or using these balances to pay for exports (which we have as a matter of fact already undertaken to permit) but relate the United States dollar payment to the amount of the credit.

I am sending a copy of this letter to Donald Gordon[105] and enclosing herewith copy of the letter I am writing him.[†]

Yours sincerely,

L. RASMINSKY

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[104]S. Turk, conseiller, Commission de contrôle du change étranger.
S. Turk, Adviser, Foreign Exchange Control Board.

[105]Donald Gordon, gouverneur adjoint, Banque du Canada et président, Commission des prix et du commerce en temps de guerre.
Donald Gordon, Deputy Governor, Bank of Canada and Chairman, Wartime Prices and Trade Board.

**123.** DF/Vol.4321

*Mémorandum du ministère des Finances*
*Memorandum by Department of Finance*

[Ottawa, June 14, 1945]

MEMORANDUM RE CONVERSATIONS WITH NORWEGIANS THURSDAY, JUNE 14, 1945, CONCERNING CREDIT UNDER THE EXPORT CREDITS INSURANCE ACT

These meetings had been arranged originally by Dr. Clark and Mr. Rasminsky, the latter having been in touch with the Norwegian representatives in San Francisco about the question, as indicated by the telegram[1] on file.

I spoke to Mr. Ilsley immediately before meeting the Norwegians, and he agreed that I might negotiate a loan with them for $12 m. or $13 m., being what we had available under the existing appropriation. He also agreed to the interest rate and other terms being in accordance with the general practice and principles we had already established.

At 10.30 in the morning we had a meeting in Room 123 at which were present: Mr. Arnold Raestad, Governor of the Bank of Norway, Mr. D. Steen, Norwegian Minister to Canada, Mr. Ole Colbjornsen [*sic*], Financial Counsellor to the Norwegian Embassy in Washington, Mr. H. Hillestad, representative of the Bank of Norway in New York, and Mr. Skaug, main representative in North America of the Norwegian Ministry of Reconstruction, representing Norway; Mr. Mackenzie and Mr. English of the Department of Trade and Commerce, Mr. Rasminsky and Mr. Coyne of the Bank of Canada, Mr. Pierce of External Affairs, and Mr. Tolmie and I from the Department of Finance.

At the opening of the meeting Mr. Raestad reviewed generally the Norwegian financial position and their need for imports. He stated that they would not be able to make use of a guaranteed loan at present, owing to legal difficulties on their side, and that they would like to obtain a direct loan. Mr. Skaug outlined the general nature of the goods Norway would like to obtain from Canada, which include notably about 8,000 trucks, worth, say, $10 m., over the next year, perhaps half of this coming in 1945, some $5 m. to $8 m. worth of wheat and flour during the remainder of 1945, perhaps $5 m. of radio equipment of various types, and $3 m. or $4 m. worth of farm machinery, although their program has not been definitely allocated in this item as yet. In addition, there would be various smaller items. They were interested in the possibility of getting as well some small wooden fishing vessels and semi-diesel engines for fishing vessels. They thought in general that they would be able to use a credit of $30 m. to make these various purchases in Canada during the next year or two.

Following this a short discussion ensued in regard to the Canadian request that Norway should obtain a portion of its requirements in Canada during this period by the sale to Canada of gold or U.S. dollars. No attempt was made to

reach a decision on this matter at this meeting. In the conversation Mr. Rasminsky reviewed the present situation of Norwegian balances in this country, which include an official account convertible into U.S. dollars and a non-official account which is not.

In regard to the terms of the credit itself, the Norwegians have inquired what length of credit it would be possible for Canada to provide to them at 2¼% interest and at 3% interest. They would not wish to make any repayment of the credit for the first six years but would be willing to have it spread evenly over the remainder of the period.

It was agreed that Mr. Skaug would meet with officials of the Department of Trade and Commerce to discuss the purchase program in more detail, and that the Norwegians would meet at 4.30 p.m. with the representatives of the Bank of Canada and the Department of Finance to discuss the foreign exchange aspects as well as the credit itself.

. . . . .

In the afternoon at 4.45 a meeting was held in the boardroom of the Bank of Canada, at which were present the five Norwegian representatives, Mr. Tolmie, Mr. Rasminsky, Mr. Coyne and Mr. Bryce. Mr. Tolmie and Mr. Bryce had prepared drafts for a credit agreement and for a letter to the Norwegian Minister from the Minister of Finance. These drafts were discussed at some length. In regard to the credit agreement there were no particular points of controversy or negotiation. Mr. Raestad had some worries about the wording of Clause 9, and it was agreed that a letter would be drawn up to explain what "a specified foreign currency" was intended to mean in this paragraph.

The principal discussion at this meeting concerned the percentage of the credit which Norway would agree to spend in Canada from the proceeds of gold or foreign exchange during the period in which the credit was used. The Norwegians argued that their foreign exchange position would not permit them to incur substantial liabilities of this nature. Mr. Rasminsky had suggested a figure of 25%, which they felt was high. The Norwegians argued also that account should be taken of advance payments which Norway had recently made in the U.S. for trucks and for flour. The payments for trucks had amounted to $1,129,000, and the payments for flour to approximately $650,000. Mr. Skaug pointed out that he had already written to the Canadian Mutual Aid Board about the possibility of covering the payments for trucks under the credit some weeks ago. Mr. Rasminsky pointed out that these earlier payments amounted to approximately the difference between a 25% and a 20% cash purchase ratio applied to the proposed $30 m. amount of the total credit. He suggested that rather than make the cash purchase arrangement retroactive, we might agree on a figure of 20%. The Norwegians finally thought that this might be acceptable to them, but said that they would have to consult Oslo about it.

In regard to the general terms of the credit, I offered the Norwegians the alternative of payment in 9 annual instalments at the end of the 6th to the end

of the 14th year at 2¼%, or payments in 17 annual instalments at the end of the 6th to the end of the 22nd year at 3%. The Norwegian representatives did not criticize these terms at all, but said that they would like to ask Oslo which would be preferable. This course of action was agreed to by the Canadians.

The Norwegians wished to insert in the draft letter in the third last line on the first page, following the word "through", the words "one of its official agencies or through." This was agreed to.

The following day Mr. Colbjornsen, Mr. Skaug and Mr. Steen came in to see me. They had thought there might be some points to discuss but it developed there was nothing further except the arrangements regarding signature, which Mr. Steen had taken up with Mr. Tolmie, and the possibility that action by the Norwegian Government on this matter might be delayed, due to changes in the Norwegian Cabinet. The Norwegian representatives asked me whether it would be satisfactory if there was a delay beyond June 25th to have any cash payments made from that date forward included in the 20% cash payment under the agreement. I said I thought this would be satisfactory from our point of view. I confirmed this later with Mr. Rasminsky.

R. B. B[RYCE]

**124.** DF/Vol.4321

*Mémorandum du ministère des Finances au ministre des Finances*

*Memorandum by Department of Finance to Minister of Finance*

[Ottawa, June 19, 1945]

RE: CREDIT TO NORWAY

You will recall my speaking to you last Thursday about negotiating a credit with representatives of the Government of Norway, in accordance with arrangements originally made by Dr. Clark through Mr. Rasminsky in San Francisco. You agreed on Thursday morning to my proceeding to negotiate such credit on the general terms which Dr. Clark had arranged with other Western European countries and for an amount of $13,000,000 immediately, to be increased later in a manner similar to that arranged with the Netherlands.

The negotiations resulted in a draft agreement,[1] which we gave to the Norwegians on Thursday afternoon, which provides for a credit of $13,000,000. The form of this agreement is almost identical with that in the case of the Netherlands and I have therefore not attached a draft of it. We offered the Norwegians the choice of two periods and interest rates, either:

(i) repayment in 9 annual instalments, commencing at the end of the 6th year and running to the end of the 14th year, in which case interest would be at 2¼%; or

(ii) repayment in 17 annual instalments, commencing at the end of the 6th year and running to the end of the 22nd year, in which case interest would be at 3%.

The first period would average 10 years, and for a credit of this length the Dominion would now pay 2.62%. The second credit would average 14 years in length, and for this period the Dominion would pay 2.93%. Thus in each case we have left a margin such as Dr. Clark considered desirable. You will note the margin is less in the case of the longer term than in the case of the shorter term credit. That is in part an attempt to meet the Norwegian desire for a substantial period without exceeding the 3% which has normally been regarded as the top figure at which the Dominion is borrowing currently. In part also it is an endeavour to take into account the shape of the curve of interest rates and the fact that the average rate that would be appropriate to each of the 17 instalments would be not 2.93%, such as I mentioned above for 14 years, but considerably less than that at 2.77%. This difference between the appropriate rate for the average term and the average rate that would be appropriate to the various instalments, is one that becomes quite important as we get into these longer terms. The Norwegians asked to be permitted to consult Oslo as to which of these alternatives they would prefer, and we agreed.

The Norwegians also agreed, somewhat reluctantly after prolonged negotiation, to make purchases for U.S. dollars or their equivalent in Canada during the time that they were drawing on the credit, in amounts not less than 20% of the amount of the credit. This is the same percentage which the Netherlands agreed to and which we have asked the Belgians to agree to, if they obtain credit.

We have suggested in the draft letter† from you to the Minister for Norway in Canada that the amount of the credit would be increased to $30,000,000 when there was sufficient appropriation for this purpose. This is the same type of arrangement that was made by Dr. Clark with the Netherlands. The amount of $30,000,000 we felt was in accord with the magnitude of the proposed Norwegian purchasing program here and was not excessive in terms of Norway's general financial capacity.

We have not yet prepared any recommendation to Council for approval of this proposed agreement, and I think we should wait until we hear from Norway as, of course, we must know which of the alternative periods they prefer. In the meantime, however, I would appreciate it if you could confirm whether the arrangements along the lines suggested above are satisfactory to you.[106]

R. B. B[RYCE]

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[106]La note suivante était écrite sur le mémorandum:
The following note was written on the memorandum:
Approved.[107] June 25/45 J.L. I[lsley]

**125.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa, August 2, 1945]

. . .

EXPORT CREDIT POLICY;
FRANCE; NORWAY; NETHERLANDS; U.S.S.R.

10. THE SECRETARY submitted a memorandum from the Department of Finance regarding export credits to certain European countries for purposes of reconstruction.

The French government desired to obtain Canadian imports during 1945-46 totalling some $475 millions, apart from military and naval supplies provided under Mutual Aid, and had asked for a credit of approximately $330 millions in this connection. French requirements were under detailed study by the Departments of Trade and Commerce and Reconstruction and the Department of Finance recommended that the amount of credit to be extended should be determined primarily by the size of the programme of exports which the Canadian government was prepared to permit, having in mind alternative export markets and Canadian domestic requirements.

The government of Norway had requested a credit of $30 millions to finance Canadian exports during the next two or three years. The Minister of Finance had recommended an immediate credit of $13 millions, to be followed by a subsequent credit of $17 millions, subject to the increase by Parliament of the lending authority of the government under the Export Credits Insurance Act. Repayment would be in nine annual instalments commencing at the end of the sixth year, with interest at the rate of 2¾%. It was also agreed that Norway would purchase in Canada with U.S. dollars an amount equal to 20% of the credit provided.

The government had already entered into agreement with the Netherlands government to provide a credit of $25 millions and the Netherlands had been informed that it was the intention of the Canadian government to provide additional credits of $60 millions during the next four years, subject to the granting by Parliament of additional lending authority. The Netherlands government had now requested an additional credit of $25 millions to finance an immediate programme.

The U.S.S.R. had opened negotiations for a substantial export credit and a number of alternative plans had been suggested by the Minister of Finance in accordance with the general policy of the government. Meanwhile, the U.S.S.R. had requested a credit of between $2 and $3 millions for the purchase of certain hydro-electric equipment, already ordered in this country and in part ready for delivery. This sum would be repaid either as part of a larger credit or, failing this, in accordance with one of the alternatives already suggested by the Canadian government.

This whole programme would require an increase in the lending authority under the Export Credits Insurance Act from $100 millions to approximately $700 millions.

(Departmental memorandum on Export Credits for European Reconstruction, undated).†[107]

11. THE CABINET, after discussion,

(a) deferred to the next meeting further consideration of the granting of credits to France and the Netherlands;[108]

(b) approved the granting of a credit of $30 millions to the government of Norway, on the basis above set out as recommended by the Minister of Finance; and

(c) approved the granting of a credit to the government of the U.S.S.R. of up to $3 millions, on the basis above set out as recommended by the Minister of Finance.

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## SECTION F

### FRANCE

**126.** DEA/6993-A-40

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-59 San Francisco, May 1st, 1945

Following from L. S. St. Laurent for Honourable J. L. Ilsley and copy to Honourable C. D. Howe, Begins: I have had interesting conversation with Vice-Admiral Fenard, Chief of French Naval Mission at Washington. He is very anxious to place with us, at earliest possible moment, orders for tug boats. He says our specifications fully meet their requirements, whilst American specifications would require substantial changes. Tells me matter of contracting delayed because they are not clear as to what financial arrangements they can make under our export credit provisions. If these arrangements are expected to be concluded sometime and such orders accepted, it would be helpful to be able to make announcement within a couple of weeks and thus allay fear of unemployment in St. Lawrence River shipyards. Could you let me know what arrangements for exports credits for this purpose French can make with us if they want to go ahead at once. Ends.

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[107]L'accord fut signé à Ottawa le 25 juin 1945. Voir Canada, Recueil des traités, 1945, N° 27.
The agreement was signed in Ottawa on June 25, 1945. See Canada, Treaty Series, 1945, No. 27.

[108]Voir les documents 132 et 107./See Documents 132 and 107.

**127.** DEA/6993-A-40

*Le secrétaire d'État par intérim aux Affaires extérieures au secrétaire d'État aux Affaires extérieures*

*Acting Secretary of State for External Affairs to Secretary of State for External Affairs*

TELEGRAM D-112 Ottawa, May 5th, 1945

IMMEDIATE. Following for Hon. L. S. St. Laurent from J. L. Ilsley:

Have read with interest your report on your conversation with Vice-Admiral Fenard re purchase of tug boats in Canada and the obtaining of export credits here. In respect of export credits we have had somewhat the same difficulties in dealing with the French as in the case of Mutual Aid, namely, their failure to send promptly some person or mission authorized to make an official approach to us, explain their needs and problems and discuss the whole matter fully and frankly with us. Over the last year we have had two or three approaches made by persons who said they were not authorized to speak officially and not able to explain French requirements here or the precise type of credit desired. The latest approach of this sort was made to my Deputy about two weeks ago by M. Bernière.[109] Clark endeavoured to explain the situation as best he could *in vacuo* and suggested that if the French Government would send someone who was authorized to negotiate with us, we would be very happy to sit down with him, consider their whole program of purchases in Canada and endeavour to work out a comprehensive plan (involving export credits and a certain proportion of cash payments) which would be mutually satisfactory to both parties. At the same time he had to explain that our limited appropriation for direct Government to Government credits was now nearly exhausted by commitments already made to other countries and that if France desired a large credit we could only make an agreement now for one of $20 to $30 million and by an exchange of notes agree to increase this credit to the higher amount desired when we had an additional appropriation from Parliament. Mr. Bernière said that he would discuss the matter with M. Monnet[110] in Washington but expressed the view that a credit of $30 million would hardly be considered sufficiently important to bring M. Monnet to Ottawa.

Clark has received no further word from M. Bernière but Mr. Rasminsky has had certain discussions with M. Guindey in San Francisco and Clark has now received advice that M. Guindey is coming to Ottawa and will be here for a couple of days around May 10th. M. Guindey is Director of Foreign Finance in the French Ministry of Finance and should be in a position to discuss and

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[109]R. Bernière, président, Mission française des approvisionnements au Canada.
R. Bernière, President, French Supply Mission in Canada.

[110]Jean Monnet, chef, Mission économique française aux États-Unis
Jean Monnet, Head of French Economic Mission in United States.

negotiate on matters of this character. Incidentally he advised Rasminsky that they had not raised the possibility of obtaining a credit here because they did not wish to prejudice their position vis-à-vis the United States.

We would of course be prepared to consider an export credit to France and the interest rate would depend on the term over which the credit was to be repaid. Our policy is to fix a rate at the cost at which the Dominion Government borrows in this market plus a small differential. As in other cases we would not be willing to grant a credit for the full amount of French purchases here but would require a reasonable proportion to be paid for in gold or U.S. dollars for reasons which will be clear to you in view of the U.S. dollar content of Canadian production and our heavy indebtedness in the U.S.

I hope we should be able to deal with the whole matter satisfactorily when M. Guindey arrives.

**128.** DEA/6993-A-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France*

*Secretary of State for External Affairs to Ambassador in France*

DESPATCH 437 Ottawa, May 29, 1945

Sir:

Discussions were held early this month between Mr. Guillaume Guindey, Associate Director of the Treasury of the French Finance Department, and officials of the Canadian Department of Finance on the subject of a Canadian export credit to France. No agreement was reached because the amount of credit which could be made available by Canada could not exceed $30,000,000 and the French requirement is very substantially in excess of this amount — probably something between $100,000,000 and $200,000,000 although no amount was mentioned.

We think that the French reluctance to conclude an agreement for $20,000,000 or $30,000,000 was due to their desire not to prejudice negotiations with the United States.

The French have indicated that they wish to resume negotiations later, at a time when it will be possible for us to seek the approval of the Canadian Parliament for an amount more commensurate with what the French consider to be their need. In the meantime, the French will purchase for cash in Canada through their Supplies Mission in Ottawa. It is expected that some arrangement can be made so that their cash purchases will be considered as part payment in cash under such credit agreement as may be reached.

Under the credit arrangements with Belgium and the Netherlands,[111] about 20 per cent of the purchases are to be in cash and 80 per cent financed by credit. A similar arrangement is contemplated with the French.

I have etc.

G. DE T. GLAZEBROOK
for the Secretary of State
for External Affairs

**129.** DEA/6993-A-40

*Le sous-ministre par intérim des Finances*
*au président, le Conseil français des approvisionnements*

*Acting Deputy Minister of Finance*
*to President, French Supply Council*

Ottawa, July 7, 1945

Dear M. Bernière:

I am writing in reference to the discussion which you and M. Paul-Boncour[112] had with Mr. Bryce about ten days ago concerning the means of financing the proposed program of French purchases in Canada, and particularly the possible negotiation of terms for a credit to be extended by Canada to France when the Canadian Parliament at its next session provides additional lending authority to the Government for export credits. I understand that M. Monnet would like an opportunity to discuss this matter with Mr. Ilsley and possibly other Ministers before he leaves for France in the next few weeks.

Mr. Ilsley has discussed this matter with the Ministers and officials primarily concerned with such questions, and has authorized me to inform you that he would be prepared to recommend to the Government a credit to France in an amount and on terms to be agreed upon following discussions with representatives of the French Government; and that, pending the approval of the necessary increased lending authority by Parliament, he would be willing to write a letter to your Ambassador confirming the Government's intention of providing the credit once the necessary Parliamentary authority has been granted.

I believe you are already familiar with the principle followed by the Government in determining the interest rates on which it is prepared to grant such credits — which is, broadly speaking, that the rate shall be slightly above the rate at which the Canadian Government can borrow for a corresponding period. I understand that your Government would prefer to have repayment of the loan commence only after an interval of some years during which French

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[111]Voir Canada, Recueil des traités, 1945, Nos 22, 28.
See Canada, Treaty Series, 1945, Nos. 22, 28.
[112]G. Paul-Boncour, conseiller commercial, Ambassade de France.
G. Paul-Boncour, Commercial Counsellor, Embassy of France.

exports can recover to reasonable dimensions, and to have repayment spread over as long a period as possible in order to reduce the burden on the French balance of international payments in any one year. If, in order to accord with your desires in this respect, the loan were to be repayable in twenty annual instalments, commencing at the end of the fifth year, the interest rate, determined in accordance with the principle noted above, would be three per cent *per annum*.

I believe your authorities are also familiar with our practice of asking countries obtaining export credits to purchase at least an agreed portion of their Canadian requirements for gold or its equivalent. We must do this as Canada requires a continuing supply of United States dollars (over and above those which can be obtained in direct trade with the United States), in order to maintain her own economy and to continue the payments on her own very substantial obligations to the United States. It is only by obtaining some current payment in cash that a country as heavily indebted as Canada is to other countries can herself undertake to lend to others, even in this period of reconstruction in Europe.

We should like to discuss the amount of the proposed loan in relation to what Canada will be able to supply to France up to the end of 1946, and also, if the amount is to be large, in relation to the other foreign credits which France is proposing to obtain in the United States and elsewhere.

If you will let me know when it would be possible for M. Monnet and any other French representatives to discuss this subject, I would be glad to try to arrange the necessary meeting with Mr. Ilsley and others for this purpose.

Yours very truly,

W. A. MACKINTOSH

**130.** DF/Vol.4317

*Le président, le Conseil français des approvisionnements, au sous-ministre par intérim des Finances*

*President, French Supply Council, to Acting Deputy Minister of Finance*

No. 5367 [Ottawa,] July 16, 1945

Dear Mr. Mackintosh:

I acknowledge receipt of your letter of July 7th about the financing of the French program of purchases in Canada.

Mr. Monnet has instructed me to advise you that he will be very glad to come to Canada to discuss this matter with Mr. Ilsley and the other ministers in the next few days.

I think the best way would be for me to get in touch with Mr. Bryce to arrange the appointments.

Yours very truly,

R. BERNIÈRE

**131.** PCO/Vol.35

*Mémorandum du ministère du Commerce*

*Memorandum by Department of Trade and Commerce*

[SECRET] [c. August 8, 1945]

RE: PROPOSED EXPORT CREDIT TO FRANCE

The French request is for a loan of approximately $340,000,000. This amount is 70% of a proposed program amounting to more than $475,000,000. However, an examination of the "program of import" shows that it includes nearly $100,000,000 of goods which will not be physically available before the end of 1946. The remainder, totalling $387,00,000 may be divided into three main categories:

(1) Wheat, totalling $110,000,000.

(2) Items readily available, totalling $180,000,000.

(3) Harbour equipment and ships, totalling $97,000,000.

It may be possible to continue to supply considerable quantities of wheat to France, although most recent Wheat Board estimates place our prospective carry-over at a much lower figure than was originally thought likely. The main problem is one of transportation, especially during the winter months and it will probably be impossible to supply France on the scale contemplated in the "Program of Import" without materially cutting into our allotment to Great Britain. The Minister of Trade and Commerce, while unable to undertake any commitment at this date, recommends that the figure of possible French purchases of wheat in Canada be cut to $90,000,000.

A large number of items on the French "Program of Import" are in fairly easy supply and will assist France substantially in her own rehabilitation problem. The Minister of Trade and Commerce recommends that provision be made for the financing of $180,000,000 worth of these goods.

The third group of items, totalling $97,000,000 are items for the reconstruction of France's seaport and inland waterways, including $40,000,000 worth of ships. Full information as to the possible availability of these items is not yet at hand. In any case, these are items in which the Department of Trade and Commerce feels that it has small or no continuing interest. The Minister of Trade and Commerce recommends that these items be left in abeyance until fuller consultations may be had with the Minister of Reconstruction, but in any event, recommends that $97,000,000 be the maximum.

Thus, if the third group of items is to be provided, the aggregate purchases would be:

| | |
|---|---|
| (1) Wheat | 90,000,000. |
| (2) Available Items | 180,000,000. |
| (3) Harbour Equipment and Ships | 97,000,000. |
| | $367,000,000. |
| Deducting 30% cash payment, i.e. | $110,000,000. |
| the amount of loan necessary would be $257,000,000 — | say $250,000,000. |

It is not possible to regard the loan as likely to contribute directly to "facilitating and developing trade or any branch of trade" between Canada and France. Indeed, its very size is such that the French problem of servicing and amortizing it out of current trade balances may well put them under pressure to attempt to limit imports artificially and drastically, once the basic materials for reconstruction have been provided and payments on the loan begin to fall due. Many of the items requested embody little hope of continuing trade, among them paper, carbon steel, and the large items for seaports and inland waterways and for ships.

However, a large part of the program is physically available and it is difficult to find any more advantageous outlet for these goods at the present time. The proposed loan will be of material assistance to France in feeding her people and rehabilitating her communications and industrial system. This may be regarded as a prerequisite to the recovery of economic well-being throughout Europe and consequently a contribution to the recovery of maximum international trade. If it is decided to provide France with aid on this scale, careful consideration should be given to the desirability of asking for an interchange of most-favoured-nation treatment as a concomitant of the loan. We already have m.f.n. treaties with all the other countries with whom we have signed loan agreements, though not with China and Russia where the question may be raised. It might be advisable, too, in view of the history of French commercial relations, to ask the French for some statement of policy or intent with respect to non-tariff trade discriminations, such as quotas, import levies, export subsidies and foreign exchange controls.

The Minister of Trade and Commerce recommends that these considerations might be raised with the French before the loan agreement is finally concluded.

[PIÈCE JOINTE 1/ENCLOSURE 1]

DF/Vol.4317

*Mémorandum du ministère des Finances au Cabinet*
*Memorandum from Department of Finance to Cabinet*

[Ottawa,] August 8, 1945

RE: POLICY ON EXPORT CREDITS TO FRANCE

The Government of France has requested a credit from the Canadian Government, as and when the export Credits Insurance Act is amended to increase the amount which may be loaned, to finance 70% of the cost of a proposed program of French purchases in Canada during 1945 and 1946, which amount in all to approximately $475 million. Agreement has been reached with the French representatives on possible terms for such a credit, in accordance with the principles being followed by the Government; it is proposed the loan should bear interest at 3% and be repaid in 30 annual instalments commencing at the end of the first year and extending to the end of

the 30th year. The amount of the loan requested is so substantial, however, being approximately $330 million, and the proposed purchases so large in relation to our total export program, that the French representatives have been told that the Government will have to consider the matter very carefully before giving an undertaking to provide credits to France on this scale. A review of the items requested by France indicates that it would probably be found impossible or inadvisable to provide more than a total of about $370 million in value, which would require a credit of about $260 million.

There are considerable financial risks in lending to France at this time. These arise both from the uncertainty as to the nature and policies of future French governments and from the difficulties which France may be expected to encounter in the future in obtaining sufficient foreign exchange, particularly dollar exchange, to meet her current requirements and also to repay loans of the magnitude she is now proposing to obtain from the United States and Canada. (France is hoping to get credits of nearly a billion dollars from the United States in this period, and possibly more later.) France does not have much foreign debt as yet, it is true, and has fairly substantial gold reserves (about $2,000,000,000) and some other foreign assets, the actual amount of which is not accurately known. On the other hand, the French Government is apparently intending to spend a substantial amount of its gold reserves in the next few years and appears to be prepared to incur debts on a large scale.

A credit to France of the general magnitude under consideration — say $250 million — is not disproportionate in size to the credits already granted or promised by the Government to other European countries. Czechoslovakia has been granted $19 million, Norway has been promised $30 million ($13 million now and $17 million later), and the Nethelands has been promised $85 million, of which $25 million has already been provided. France, of course, is much larger than any of these countries and of more importance in determining the future course of European affairs. (In addition, Belgium has been offered $25 million now and more later, and the Netherlands, Indies $15 million now and $50 million later. China and the U.S.S.R. have made general requests but nothing specific has been arranged except a small special credit for the U.S.S.R.)

The Minister of Finance, with the advice of his Department, is prepared to recommend that the risks of making a substantial loan to France be accepted, provided that the Government is prepared to recognize that Canada has a substantial interest in the prompt and successful reconstruction of France, and therefore that the loan is not made solely for commercial or financial reasons. It is therefore suggested that the amount of the loan should not be arbitrarily fixed on financial grounds, but should be determined as the amount required to finance those exports which the Government is prepared to help France obtain in Canada, having in mind the urgent need of France for them, on the one hand, and the alternative needs or markets for them on the other, as well as the resources of men and material which can be devoted to exports to France.

After consultation with the Department of Trade and Commerce, it is recommended that approval be given now in principle to a credit of $190

million to finance exports of $270 million within the program submitted by France, plus an additional amount to be determined later to finance the sale of ships, barges, scows and other port equipment which is still under consideration by the Departments of Trade and Commerce and Reconstruction. This additional credit for ships, etc., should not exceed $70 million.

A memorandum from the Department of External Affairs recommending the provision of credits to France for reconstruction purposes is attached hereto. It is understood the Minister of Trade and Commerce is also submitting a memorandum on this question.

[PIÈCE JOINTE 2/ENCLOSURE 2]

DEA/6993-A-40

*Mémorandum du ministère des Affaires extérieures*
*Memorandum by Department of External Affairs*

[Ottawa, n.d.]

CREDITS FOR FRANCE

The achievement and maintenance of social order in France and her economic well-being are of great political importance to Canada as a means of lessening the danger of war. In priority, the importance of stability in France ranks next to that in the United Kingdom, for Western Europe cannot prosper while there is distress and unrest in France.

Advices received from London and Washington make it clear that the Governments of the United Kingdom and the United States are most seriously concerned with the probable political effects in Europe of economic want. The British view is that unless we all work very hard the situation in Europe will deteriorate rapidly and dangerously; that the future of France will largely depend on its success in dealing with economic problems and that the failure of France to get supplies from abroad may not only entail a collapse of the new French Government, but lasting ill-feeling between France and the United States and the United Kingdom.

The United States is well aware of the serious prospects of Europe next winter in the absence of a programme of very extensive assistance, and has adopted a generous lend-lease and credit policy toward France.

With so much at stake it would be politically wise to do our utmost to furnish supplies to France and to provide the necessary credits, which appear small in comparison with the sacrifices we have already made in the interests of world order.

**132.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET August 15, 1945

. . .

EXPORT CREDITS; FRANCE

12. THE MINISTER OF FINANCE, referring to the discussion at the meeting of August 2nd,[113] reported that the French request was for a loan of approximately $340 millions, being seventy percent of a proposed programme amounting to more than $475 millions.

Examination by departments concerned had demonstrated that supplies were not available to meet the whole French programme. Accordingly, it was suggested that the amount of the loan be for, say, $250 millions, being some seventy percent of a programme which it was estimated Canada could supply, the remaining thirty percent to be paid in cash.

The proposed loan, while not likely to facilitate and develop continuing trade with France directly, would be of material assistance in French rehabilitation, which might be considered an essential prerequisite of European recovery and, in consequence, to the recovery of international trade.

It was suggested by Trade and Commerce that France be asked to accord "most favoured nation" treatment at the time of the loan and also that a statement of policy be requested in respect of trade discriminations in the future.

Approval in principle might be given to a credit of $190 millions to finance exports to a total of $270 millions within the programme submitted by France. This would cover supply of wheat and other available items, exclusive of harbour equipment and ships. An additional loan could be made later to finance provision of the last named items to the extent considered necessary by the Departments of Trade and Commerce and Reconstruction, but not to exceed $70 millions.

An explanatory note had been circulated.

(Trade and Commerce memorandum re proposed export credit to France and attached Finance and External Affairs memoranda — Cabinet Document No.21).[†]

13. THE CABINET, after considerable discussion, agreed that, subject to the approval of Parliament, a credit be made available to France to finance French purchases in Canada, the amount and conditions thereof to be determined after further consultation with the government's financial advisers.

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[113]Voir le document 125./See Document 125.

**133.** DEA/6993-A-40

*Le ministre des Finances*
*au chef, la mission économique française aux États-Unis*

*Minister of Finance*
*to Head, French Economic Mission in United States*

Ottawa, August 16, 1945

Dear M. Monnet:

The program of French purchases in Canada and the suggested credit arrangements to assist France in financing these requirements, which you discussed on July 23rd with Mr. St. Laurent, Mr. Howe, Mr. MacKinnon and myself, have been considered by the Canadian Government. The Government has studied this program in the light of what you and others have told us of the urgency of France's needs and also in the light of Canada's ability to supply these items required, particularly at a time when other demands upon our production, labour and materials in several fields are still very heavy. We understand that this program includes the purchases which France has already made since April 25, 1945. We have come to the conclusion that we will be prepared to make available to France credits sufficient to finance 70% of the cost of that amount of your program which we feel Canada can supply, subject, of course to the Canadian Parliament at its forthcoming session approving an increase in the Government's lending powers adequate to cover this and other requirements. These credits would be furnished on the terms upon which tentative agreement was reached with you when you were here, that is, the loan would bear interest at 3% and would be repayable in 30 annual instalments, commencing some time in 1947. It is understood that the remaining 30% of the cost would be paid by France in cash, and that this agreed payment in cash would include the cash payments made by France for purchases since April 25th of this year. We would propose that the credit be available for use up to December 31, 1946.

The Department of Trade and Commerce has examined your proposed program in detail, apart from those items in Tables No. 34, 35(a), 35(b) and 36,[1] comprising mainly ships and boats of one type or another and harbour equipment. On the basis of this review, the Government is prepared, if and when the necessary authority has been obtained from Parliament, to provide you with credits of $190 million to finance 70% of the cost of purchases of approximately $270 million, which is the amount of purchases within your program, apart from the items noted above, which the Government believes Canada will be reasonably able to supply during this year and next year. When the appropriate Departments have studied the situation in so far as possibilities of supplying the ships and other items specified in Tables 34-36 are concerned, the Government will be prepared to consider this matter further and to agree to the provision of additional credits equal to 70% of the costs of the amount of these items which the Government considers Canada can properly supply in the circumstances of the next year.

I wish to make clear that in agreeing to provide credit to assist France in this purchasing program, the Canadian Government is not guaranteeing that France will in fact be able to obtain all the supplies in question. The Government will be prepared to facilitate these French purchases by assistance in procurement, but cannot undertake to force Canadian producers to meet these French requirements in preference to other demands.

At this time when Canada will be assisting France to increase substantially its imports from Canada for purposes of reconstruction, and when the Canadian Government hopes to see an increase in exports from France to Canada, it seems to me appropriate to suggest that Canada and France might agree to extend to one another Most Favoured Nation treatment in commercial policy. Such action would, I think, impress upon the people both of France and of Canada our intentions to develop future trade between the two countries on a mutually advantageous basis. I understand that the Department of External Affairs would welcome an opportunity to discuss the possibility of such action with representatives of your Government at an early convenient date.

I understand that the French Supply Council in Canada is discussing further with the Department of Reconstruction and the Department of Trade and Commerce the various types of ships, boats and seaport equipment on which we have not yet reached a decision, and I hope now that your Mission has more complete details of the items in which you are interested, we shall be able to come to an agreement shortly on this portion of the program.

Yours very truly,

J. L. ILSLEY

**134.** DEA/6993-A-40

*Le chef, la mission économique française aux États-Unis, au ministre des Finances*

*Head, French Economic Mission in United States, to Minister of Finance*

August 26, 1945

Dear Mr. Ilsley: —

I beg to acknowledge receipt of your letter of the 16th instant giving an outline of the conditions under which the Canadian Government is willing to finance our requirements in Canada up to the end of 1946.

The conditions indicated by you are agreeable to us: namely, 70% of the amount agreed between you and us to be financed by loan of 30 years repayable in 30 annual instalments commencing in 1946 at a date suitable to you, the interest to be 3% *per annum* on the outstanding amount.

We note that you agree to finance our purchase up to 270 million dollars and also I understand you are willing to consider to increase it by about 100 million dollars for the purchase of ship and sea-port equipment. I shall be glad to know the decision of the Canadian Government on this matter.

As I informed you during our conversations, we would like to make the terms of this agreement as nearly similar as possible to the conditions we have obtained in the United States. In the latter case the ratio of cash payment is 20% and we would like to have the same proportion accepted by you in our agreement. The total cash payment by the French Government to Canada would be the same, but instead of making the agreement operative from April 25, 1945, we would set a later date so that the amount of cash payment involved in the agreement would amount to 20%.

We will place our orders before the end of 1946 and it is understood that these agreements cover all goods and materials included in the program which we have agreed with you, or with such modifications as might be mutually agreed upon.

These purchases are intended for France, North Africa and the French Empire.

As regards your suggestion concerning the most favoured nation clause, this is a question which in due course will be discussed between the representatives of our countries; but, in conformity with the general principles included in the lend lease master agreement which is well known to you and that France has signed, I can now assure you that the French Government will collaborate with the Canadian Government in a concerted action to eliminate all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers.

I wish to express to you the French Government appreciation for the cooperation you are giving us in this matter and for the contribution you are thus making to the French recovery.

Yours very truly,

JEAN MONNET

**135.**

DEA/6993-A-40

*Le ministre des Finances*
*au président, le Conseil français des approvisionnements*

*Minister of Finance*
*to President, French Supply Council*

Ottawa, September 6, 1945

Dear Mr. Bernière,

You will recall that in my letter of August 16th to Mr. Monnet, in care of yourself, I informed him that the Canadian Government will be prepared to make available to France credits sufficient to finance 70% of an amount of purchases of $270,000,000 on your proposed program of purchases, apart from items in tables Nos. 34, 35 and 36,[1] and I stated that when the appropriate Departments had studied the possibility of supplying the ships and other floating equipment specified in these tables, the Government would consider the matter further and agree to the provision of additional credits equal to 70%

of the costs of those items which the Government believes Canada can supply in the circumstances.

A review of the situation has now been made by the appropriate officials and by the Cabinet, and I have been authorized to inform you that we will be prepared to provide you with additional credits sufficient to finance 70% of an amount of expenditures equal to $75,000,000 on the types of items covered in your tables Nos. 34, 35 and 36, i.e., ships, barges, tugboats and floating harbour and seaport equipment. This would involve, of course, an additional amount of credit of $52,500,000 over and above the $190,000,000 mentioned in my first letter, making $242,500,000.

In his letter to me of August 26th, Mr. Monnet suggested that while your Government was prepared to make cash expenditures to the extent of 30% of the program to be financed on credits, i.e., cash expenditures of $103,500,000, you would prefer to have our agreement drawn up in such a way that the cash expenditures would be expressed as 20% of the amount of purchases after an agreed date, and would include only those cash expenditures made after that date.

We are, therefore, faced with the problem of determining a new date subsequent to April 25th in such a way that the expenditures between April 25th and that date would amount to 12½% of the total program, leaving 87½% of the program to be completed after that date, of which 17½% would be paid for in cash and 70% from the funds provided on credit. As the total program which we are able to agree to finance is $345,000,000, the immediate problem therefore appears to be to select a date by which time you have expended or will have expended $43,125,000 since April 25th. I would suggest that you or your office might get in touch with my Department about this matter and arrange with them the selection of this date, whatever it may be. When it has been determined, I would then propose to write a letter to your Ambassador, summing up the intentions of the Government as expressed in my letter of August 16th and this letter, and which would serve as the basis of our understanding until such time as Parliament provides us with the additional financial authority necessary to enter into the formal credit agreement itself.

Yours very truly,

J. L. ILSLEY

**136.** DF/Vol. 4317

*Le président, le Conseil français des approvisionnements au ministre des Finances*

*President, French Supply Council, to Minister of Finance*

No. 7002 [Ottawa,] September 13th, 1945

Dear Mr. Ilsley:

The fact that I was absent from Ottawa has prevented me from acknowledging sooner your letter of the 6th instant, giving us the outline of the proposal

under which the Canadian Government is willing to finance our requirements ($345,000,000.00) up to the end of 1946, the amount of credit to be granted us by your Government being $242,000,000.00.

My office informs me that Mr. Bryce has consented that the agreement should become effective retroactively as of 20th July, 1945.

May I ask you if it would be possible to have now a letter consolidating briefly the correspondance exchanged between ourselves in this matter and which would then constitute, with our answer to it, the gentlemen's agreement between our two countries while awaiting the additional financial authority to be granted by your Parliament.

With a renewal of my sincere thanks for your kind cooperation during these financial negotiations, please believe me,

Faithfully yours,

R. BERNIÈRE

**137.** DF/Vol. 4317

*Le chef, la mission économique française aux États-Unis, au ministre des Finances*

*Head, French Economic Mission in United States, to Minister of Finance*

Washington, le 23 Septembre, 1945

Monsieur le Ministre,

J'ai l'honneur d'accuser réception de votre lettre du 13 septembre ainsi conçue:

"Dear Mr. Monnet,

I am writing to you to confirm and set forth the points of agreement regarding the Credit which it is the intention of the Canadian Government to provide to the Government of France, and about which we had several discussions in recent weeks.

I am able to tell you that it is the intention of the Canadian Government if and when the Canadian Parliament increases the authority of the Government, to make loans under Part 2 of the Export Credits Insurance Act, to enter into an agreement with the Government of France under which credits will be made available to France during the remainder of 1945 and in 1946 for purchasing Canadian goods within the programme of proposed purchases which your Supply Mission in Canada has submitted to us. The amount of the Credit which we are prepared to furnish under the agreement, is $242,500,000. This Credit will be furnished on the understanding that it will not exceed 80% of the value of the purchases made by the Government of France in Canada during the period from July 20th 1945 to December 31st 1946. In calculating such purchases, it is understood that those made pursuant to requisitions placed by

the French Supply Council up to July 19th, 1945, will be excluded, with the exception of Requisition No. vi-12-324, placed on that date. Cash purchases made from July 20th forward, including those under Requisition No. vi-12-324 and prior to the conclusion of a definite credit agreement, will be included in the agreed amount of purchases for cash.

I would also like to record that it is our understanding that the credit to be provided by Canada under this agreement will bear interest at the rate of 3% *per annum* and will be repayable in 30 equal annual instalments commencing at a date in 1947 to be agreed, and concluding at the same date in 1976.

In order to be clear regarding the items to be included in the programme of purchases to be financed on the credit, I would suggest that we agree to include any items in your programme which are ordered subsequent to July 19th of this year, and delivered prior to January 1st, 1947, plus any items ordered during this period for later delivery, such as ships, if they are agreed to be included by your Supply Council and by the Department of Trade and Commerce, and also any other items ordered during this period but not on your programme if these are agreed by your Supply Council with the Departments of Trade and Commerce, and Finance.

I wish to make clear that in agreeing to provide credit to assist France in this purchasing programme, the Canadian Government does not guarantee that France will be able in fact to obtain all the supplies in question. The Government will be prepared to facilitate these French purchases by assistance in procurement, but cannot undertake to compel Canadian producers to meet these French requirements in preference to other demands.

I sincerely hope that this credit will assist France in the difficult task of reconstruction, and will also assist materially in establishing trade between Canada and France. I would also like to express the hope that France and Canada can collaborate in the reduction of tariffs and other barriers to trade. In particular it would be desirable if we could look forward at an early date to the exchange of Most Favoured Nation treatment in commercial policy between the two countries. Such action would, I think, impress on the people of France and Canada our intentions of developing permanent trade between the two countries on a mutually advantageous basis.

I should like to express on behalf of the Canadian Government our real interest in the progress of the reconstruction of France, and to say that we hope that such help as we are able to give in supplying this credit, will enable your country to re-establish its economy as speedily as possible. I think it would be worth while for us to discuss again, before the end of 1946, the prospects for the future trade between Canada and France, and the measures desirable on both sides to promote its sound and fruitful development.

Yours very truly,

J. L. ILSLEY"

Après avoir soumis le texte de cette lettre au Gouvernement Provisoire de la République Française, je suis heureux de pouvoir vous donner son accord sur

les conditions dans lesquelles seront exécutés nos achats au Canada pour la fin de 1945 et en 1946.

Je puis vous assurer, d'autre part, que mon Gouvernement partage votre désir de coopérer en vue d'établir des relations commerciales suivies entre la France et le Canada, et qu'il sera heureux de discuter les questions mentionées à ce sujet dans votre lettre en prenant pour guide les principes généraux auxquels vous vous référez.

Je tiens à vous exprimer, au nom du Gouvernement Français et en mon nom personnel, ma très vive appréciation pour l'intérêt que vous manifestez pour la reconstruction de la France et les sentiments de comprehension mutuelle entre nos deux pays dont vous n'avez cessé de faire preuve au cours de nos conversations. Je ne doute pas que l'accord auquel nous parvenons aujourd'hui sera la source de développements heureux et également profitables de notre commune amitié.

Veuillez agréer etc.

JEAN MONNET

**138.** DEA/6993-A-40

*Décret en Conseil*
*Order in Council*

P.C. 6490 Ottawa, 12 October, 1945

The Committee of the Privy Council have had before them a report, dated 11th October, 1945, from the Minister of Finance, representing, —

That by Section 3 of the War Appropriation Act. No. 1, 1945, the Government of Canada may act as the agent of the Government of any British or foreign country allied with His Majesty, for any purpose which in the opinion of the Governor in Council will aid directly or indirectly in the prosecution of the war, and any obligations or costs incurred temporarily or assumed by the Government of Canada in the exercise of such powers may be paid out of any unappropriated moneys in the Consolidated Revenue Fund;

That, following the termination of actual hostilities, supplies, including foodstuffs and other essential civilian requirements, will still be needed by the governments of countries allied with His Majesty, pending the termination of the war, for wartime purposes including the repatriation of their armed forces, the occupation of enemy territory, the disarming of enemy forces, and the military government of enemy peoples;

That it will aid in the prosecution of the war for the Government of Canada to act as agent of the aforesaid governments in the purchase of foodstuffs and other essential supplies in Canada;

That the Government of France, one of the aforesaid governments, has requested the Government of Canada to procure supplies, including foodstuffs and other essential civilian requirements, on its behalf, and has undertaken to reimburse the Government of Canada for expenditures made on its behalf;

That agreement has been reached between the Government of France and the Government of Canada on the terms and conditions on which credit would be extended to the Government of France by the Government of Canada under the Export Credits Insurance Act if and when the said Act is amended to increase the amount which the Government of Canada may lend to other governments thereunder; and

That, pending amendment of the aforesaid Export Credits Insurance Act and the provision of credits thereunder to the Government of France, it is considered desirable that the Government of Canada purchase supplies required by the Government of France as the agent of that Government, and incur temporarily the obligations and costs of such purchases, for which it will later be reimbursed by the Government of France.

The Committee, therefore, on the recommendation of the Minister of Finance, advise that the Government of Canada act as the agent of the Government of France in the purchase of foodstuffs and other essential supplies in Canada, and that the obligations or costs incurred temporarily or assumed on behalf of the Government of France while acting as agent as aforesaid, not exceeding, however, the sum of Twenty Million Dollars ($20,000,000), be paid out of unappropriated moneys in the Consolidated Revenue Fund, pursuant to subsection 1 of Section 3 of the War Appropriation Act No. 1, 1945.

A. D. P. HEENEY
Clerk of the Privy Council

**139.** DEA/6993-A-40

*Décret en Conseil*
*Order in Council*

P.C. 7188 Ottawa, 30 November 1945

The Committee of the Privy Council have had before them a report, dated 23rd November, 1945, from the Minister of Finance, representing,

That by Order in Council P.C. 6490, of 12th October, 1945, made under the War Appropriation Act No. 1, 1945, the Government of Canada was authorized to act as an agent of the Government of France in the purchase of foodstuffs and other essential supplies in Canada;

That the aggregate amount of the obligations or costs incurred temporarily or assumed by the Government of Canada on behalf of the Government of France while acting as agent was limited to the sum of $20,000,000, payable out of unappropriated moneys in the Consolidated Revenue Fund; and

That it is desirable to amend the said Order in Council to provide that the aggregate amount of obligations or costs incurred temporarily or assumed by the Government of Canada on behalf of the Government of France while acting as agent under the authority of the said Order in Council shall be increased from the sum of $20,000,000 to the sum of $40,000,000.

The Committee, therefore, on the recommendation of the Minister of Finance, advise that under and by virtue of the War Appropriation Act No. 1, 1945, the said Order in Council P.C. 6490, of 12th October, 1945, be hereby amended by deleting the words and figures "Twenty Million Dollars ($20,000,000)" where they appear in the last paragraph of the said Order in Council, and substituting therefor the words and figures "Forty Million Dollars ($40,000,000)."

A. D. P. HEENEY
Clerk of the Privy Council

## SECTION G

### CHINE/CHINA

**140.** DEA/6993-C-40

*Le sous-ministre des Finance*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Finance*
*to Under-Secretary of State for External Affairs*

SECRET Ottawa, November 6, 1944

Dear Mr. Robertson: —

I believe I have already mentioned to you, and I now wish to inform you officially, that His Excellency the Chinese Ambassador came in to see me in the latter half of October to request a loan to China under the Export Credits Insurance Act. He said his Government had instructed him to ask for a credit of $50,000,000 in order that they might proceed to purchase various types of capital equipment in Canada for export to China at the earliest possible opportunity.

I did not obtain many details from His Excellency, who did not seem to be in a position at the time to furnish them, and it appeared to me that they wished consideration at this stage to be given to the questions of principle and the total amount involved. I assured him that we would consider the matter in principle and that I would communicate further with him about it. He indicated some desire on the part of his Government to get an early answer.

We have been anticipating for some time a request from the Chinese for a loan or guarantee either under this legislation or otherwise, but I had hoped that it would not be necessary to make a decision on this difficult matter before land or sea transport to China had been opened up once more. It occurs to me that the Chinese Government may be making an application at this date because they fear that other countries may be applying and we may be committing the whole of the funds available to us under the Export Credits Insurance Act. I would hope that it would prove possible to convince the Chinese authorities that they cannot make use of any credits in Canada for some considerable period, because of transportation difficulties, and to assure them that we will give any requests they make most careful consideration at

such time as transportation facilities will permit the export of other than military goods from Canada to China. In any event, however, we must at some stage make a decision as to whether or not we are prepared to extend a loan or guarantee a credit to the Chinese Government.

It is clearly much more difficult to reach a decision on a loan or guaranteed credit to China than it is to decide in regard to credits to almost any of the other Allied Governments. On the economic side, there is no question of the need and there is probably no question of the tremendous potentialities of Chinese development, but there is, as I see it, considerable room to question Chinese ability to develop in future an export trade that will enable her to pay the interest and amortization on a substantial credit. I would like to know more about the plan of national development into which such credit would fit, and what could be reasonably regarded as the sensible direction for this development to take.

It is on the political side, however, rather than the economic that it seems to me most of the arguments, both pro and con, must be considered. The political advantages of assisting China to become a strong and democratic nation are so great as to make it worth while taking some considerable risk. On the other hand, the dangers of a divided and unstable China appear to me at the present time so impressive that I find it very difficult to recommend the granting of credits to the present Government. The events of the past year in particular, while showing some seeds of promise in China, have also appeared to me to show very grave evidence of basic weakness.

In view of the above considerations, I am writing to ask you whether your Department would be able to prepare for us a careful appraisal of the Chinese situation, which could be used in reaching a decision as to whether or not we should grant a credit to the present Chinese Government. I realize that under the difficult circumstances of the present time this is a considerable assignment, but I feel that the question is a large enough one, both in terms of financial considerations and in terms of foreign policy, to justify both trouble and expense in securing a careful and fundamental review.

Yours very truly,

W. C. CLARK

**141.** DEA/6993-C-40

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre des Finances*

*Under-Secretary of State for External Affairs to Deputy Minister of Finance*

SECRET Ottawa, March 1, 1945

Dear Dr. Clark:

I should like to reply to your letter of November 6 in which you ask for an appraisal of probable developments in China that might be used as a basis for

discussion of a request from the Chinese Government for a loan of fifty million dollars under the Export Credit Insurance Act for the purchase of various types of capital equipment in Canada for export to China when satisfactory communication routes are reopened.

The first question that needs to be considered is the stability of the present Chinese Government. The ideal of central government in China is as old as Chinese history itself. The concept has been nourished by a sense of unity of race, written language, customs and beliefs, and a rich common national history and literature, a like degree of civilization and a sense of geographic distinctness from the rest of the world. Despite certain obvious setbacks, the Chinese people as a whole have achieved during this war more than ever before the sense of that national unity which it has been the aim of the nationalist revolution fathered by Dr. Sun Yat-sen to foster. However, the survival of a good deal of local autonomy, both in provincial and smaller units, must be expected to be a continuing feature of Chinese politics and the Chinese economy until the country has been more completely bound together by railways, highways and airways, and until the efficiency of large-scale machine production of consumers' goods has overcome the independence of local handicraft industries.

There have been two formidable challenges to the National Government's aim of achieving and asserting its control over the whole country. One has been the provincial separatist movements led by old-style war lords; the other is the so-called Communist movement. It is, I think, generally agreed that the Central Government, through a series of opportunistic manoeuvres, has managed to maintain essential control over the various war lords in the outlying provinces, and that they are a diminishing threat to its supreme authority, unless allied with some new and more dynamic force, such as the Communist movement. The Communists, however, have managed during the war period to extend very considerably the area of their control behind the Japanese lines so that, today, they claim that popular governments which they have organized administer large sections of north and central China, embracing a population of some eighty-five million people, with a regular army approaching a half million men, supported by a people's militia numbering over two million.

While there is as yet no indication that the Kuomintang-Communist differences will be resolved in the immediate future, there appears to be no necessary fundamental clash of interests between the two groups that cannot be resolved in time. We consider that while the Communists will continue for the present to support their local autonomous governments by maintaining a separate army, they do not aim at secession and the establishment of a separate Soviet-supported State in North China, but rather the inclusion of representatives of their party and other minority parties in a national coalition government which would continue to be presided over by Chiang Kai-shek, and which would embark on simultaneous policies of industrial development and agrarian reform. The Communists say they will be prepared to give up their army when they consider that civil liberties and the existence of their party is

guaranteed by an operating constitution. There is no evidence to indicate that the Soviet Government wishes to see separate Communist-controlled states set up in North China and Manchuria. It seems more in part that they will wish to see China under a strong, unified and democratic government with broad popular support and receiving considerable assistance from the western democracies towards industrialization and a better living standard for her people.

The present Central Government of China, with which we are in diplomatic relations, enjoys the advantage of a virtual monopoly of experience and qualified technical personnel in such fields as foreign affairs, banking, large-scale industry, communications (railway, highway, river, and air), higher technical education and the more specialized branches of modern military science. However, this advantage cannot be fully exploited in China's present condition. Moreover, some observers argue that the Communists make up in morale what they lack in technical training. The probability exists, therefore, that unless the present difficulties between the Central Government and the Communists can be settled by arbitration, resort to force by either side would result in a long and inconclusive civil war. Such as prospect might seriously distrub international relations in the Pacific area and must be avoided if at all possible.

It might be argued that any loan granted the Chinese Government for unspecified purposes might be construed by some as releasing other funds of the Chinese Government for the purchase of munitions that might be used in civil war. This being the case there might be a good deal to be said for postponing a decision on the $50,000,000 loan until the internal situation in China is more settled. Meanwhile we might suggest that we would be prepared to consider credits or guarantees for the purchase in Canada of specified items of national use to China which could not be construed as aiding one side in any prospective civil war. Moreover, obligations for capital equipment of constructive national value would be more likely to be honoured if another government were to succeed the present government.

Something should be said here about the probable plan of development that will govern China's post-war modernization. Westerners in China observe that while China is a nation at war, the main interest in Chungking has not been in the war but in the post-war period of reconstruction and industrialization. Without large-scale assistance from the United Nations the Chinese see no early possibility of being able to drive out the Japanese. They are now confident, however, that Japan will be defeated in due course by the growing power of the United Nations, particularly the United States. It is too early to say whether the recent changes in the Chinese Government will make it possible for China to participate more fully in the defeat of Japan. Even if more attention is concentrated on the immediate war effort, much interest will continue to be taken in the post-war era, where Chinese aspire to see a strong and united nation — politically, economically, and culturally — exerting a beneficent leadership in world, and especially Far Eastern affairs.

The Chinese realize that the place of security and influence in the modern world which they covet can only be realized by a modern China. They are in dead earnest about their responsibility for leadership in the Far East, about filling the power vacuum that will be created in the area by the defeat of Japan, and about not making the blunders in their relations with other nations that have characterized Japan's brief career as a world power. There is no question whatever that the present Chinese way of doing things is inadequate for this role. In self-defence and in order to fulfil national aspirations China must industrialize, and do it rapidly. It may have to develop more light industry than heavy, but for its own salvation it must maintain certain essential forms of production and must build up transportation and communications.

To the end that China may canalize the greatest amount of energy possible towards rapid industrialization after the Japanese have been expelled from the country the Central Government, private organizations and individuals have devoted much time to the elaboration of plans for economic development. In a recent speech to Chungking Dr. Sun Fo, President of the Legislative Yuan, said that "since the adoption of the general resolution relating to economic matters by the Central Executive Committee of the Kuomintang in September 1943, the Government, through the Executive Yuan and a special committee of the Legislative Yuan, have made detailed studies to work out rational and practical solutions to the problems of our post-war economic structure. The aim was how to realize an ordered development of industry on an improved agrarian foundation. . . . A set of general principles was formulated and submitted to the Supreme National Defence Council for a final decision early this month (December 1944)." In his speech Dr. Sun gave an informal version of these general principles. They called for the co-ordination of all economic enterprises under a General Economic Plan, which has not yet been elaborated. The following are to be exclusive state enterprises: postal and tele-communications, important national railways, large hydro-electric power plants, arsenals and mints and such public works as harbours and irrigation and conservancy projects. The state may enter other industries (e.g., iron and steel, air lines, et cetera) in competition or co-operation with private enterprise. Private enterprise is expected to conform to the General Economic Plan. There is to be no restriction on the percentage of foreign capital in joint enterprises, but the Chairman of the Board of Directors of such enterprises must be a Chinese national. Foreigners may also operate their own enterprises in China, although these are subject to Chinese laws, must fit into the G.E.P., and in some cases require special authorization.

This statement of general principles seems to indicate a sensible attitude towards the post-war economic development of China. The General Economic Plan, which has yet to take final form, and the regulations that will be introduced to give it effect, will of course be most important. I do not think we can expect to know at this time what form they will take. There are still many factors which will shape the final form of this plan and the enabling legislation which cannot be foreseen yet by the Chinese planners themselves. Nevertheless,

I believe there is some reason to hope that the final form of this G.E.P. will be rational.

One of the principal factors that will have a bearing on the stability of the present Chinese Government and the shape of the G.E.P. it devises will be the attitude of the United States. It is hardly possible to overemphasize the extent to which China is pinning her hopes on United States technical and financial assistance in her post-war reconstruction. In two recent articles discussing "Foreign Capital for China's Post War Reconstruction" which appeared in *The China Monthly*, Mr. C. Y. W. Meng, an expert in the Economic Research Department of the Central Bank of China, said "Frankly speaking, when our economists discuss the employment of foreign capital in China's post-war economic reconstruction, they simply mean American capital." After discussing the post-war economic position of the Great Powers he concludes that the United States will be "the only great creditor nation in the world," and adds, "so in planning for raising capital through foreign sources, our economists hope for — and count on — U.S. $10,000,000,000 from the United States, and U.S. $2,500,000,000 from Great Britain in the first four years, and another U.S. $2,500,000,000 from all other sources within ten years after the war." The Chinese recognize that American private capital is not likely to flow to China until there is political and currency stability unless the United States Government guarantees such investments. They are most anxious to work out at this time (a) a special Lend-Lease arrangement with the United States Government, and (b) loans from various foreign governments, which would be used for obtaining capital goods for reconstruction projects.

From his talks with members of the State Department and Foreign Economic Administration in Washington in early November, Dr. Keenleyside brought back the strong impression that the United States economic advisers concerned with relations with China were maintaining a highly critical attitude. Mr. Dean Acheson said that the so-called Chinese economic experts were living in a vague and shadowy land of make-believe, and that in his opinion the United States Government would not only not extend to China anything like the $10,000,000,000 credit that the Chinese are hoping to get, but that Washington would not even approve a very much smaller credit on any conditions such as those being proposed by China at present. These conditions in essence are that the money should be supplied by the United States but that its allocation to specific phases of industrialization and rehabilitation should be decided by the Chinese authorities. Mr. Acheson and Mr. John Carter Vincent (Chief of the Division of Chinese Affairs in the State Department) both reported that they have found difficulty in persuading the Chinese to discuss ordinary international trade, as distinct from the major financial transactions based on United States credit which are the focus of Chinese ambitions.

It is, I think, evident from the candid statements made to Dr. Keenleyside by Mr. Acheson and Mr. Vincent that extended exchanges of opinion will be necessary before a convergence of views will be brought about between the Chinese and Americans concerning their post-war economic relations. Mr.

Vincent said that he himself would favour a policy of limited credits for clearly defined and commercially legitimate purposes. Before such credits were advanced, or at least at the time that they were, he thought that it would not be unreasonable to expect the Chinese Government to pay in cash for some purchases from its very substantial holdings of United States dollars, which he said now amounted to over a billion dollars. Mr. Acheson agreed with Mr. Vincent in thinking that, while Dr. H. H. Kung,[114] Mr. T. V. Soong and some of the other major figures around Chiang Kai-shek had a pretty clear understanding of the difficulties that would face them in trying to obtain all that they desire from the United States, they would continue to push their programme in the hope that political, economic and sentimental considerations might lead the United States Government to over-ride its economic advisers. The Chinese bolster their hope with such arguments as that the United States will wish to build up their country as a military ally in the western Pacific, that the United States will have an enormous post-war surplus production to dispose of, and that the American people have a long tradition of friendship for and philanthropy towards the Chinese people.

By way of summary, I might state that while there appear to be no irreconcilable differences between the Chinese Central Government and the Communists that cannot be settled by arbitration, conversations between representatives of the two groups which have been going on intermittently for some time now, more recently with the good offices of the United States Ambassador, have failed as yet to produce a formula agreeable to both parties. Like the United States, we attach great importance to sound settlement of the Kuomintang — Communist differences, assuring post-war internal peace in China. Not only would a long and inconclusive civil war between these two factions postpone any prospects there may be for the development of the Chinese internal market, but it would raise issues that might gravely unsettle international peace in the Pacific area. For this reason, and because there is no indication that the United States is prepared at this stage to make a comparable loan, I think it might be wise to postpone taking a favourable decision on the Chinese request for a loan of $50,000,000 until the situation in China and in respect to the policies of other creditor countries becomes clearer.

As an alternative to this loan, I think we might tell the Chinese Ambassador that we would be prepared to consider limited credits for specified purposes, or guarantees on approved contracts. Such a procedure would give us a better opportunity to consider our own supply position with regard to the items requested, and would also enable us to pass on whether the goods ordered would be put to constructive use in China.

If the Chinese ask for military or quasi-military supplies under these credit or guarantee arrangements we could point out that a procedure has already

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[114] Vice-président, Yuan exécutif et gouverneur, Banque centrale de Chine.
Vice-President, Executive Yuan and Governor, Central Bank of China.

been worked out whereby such requests will be dealt with by the Mutual Aid Board.

Yours sincerely,
N. A. ROBERTSON

**142.** DEA/6993-C-2-40

*Mémorandum du ministère des Finances*
*Memorandum by Department of Finance*

FOR FILE [Ottawa,] April, 1945

RE: PROPOSED LOAN TO MING SUNG INDUSTRIAL CO., CHUNGKING, CHINA

Roy Peers[115] called me this morning from Washington to say that Dr. T. V. Soong and he had had a meeting with Mr. Howe, Mr. Pearson and apparently others in Washington yesterday at lunch, and had discussed the proposed Canadian loan to the Ming Sung Industrial Company to purchase vessels in Canada. He said that Dr. Soong wanted to work out a master agreement under which the credits would be given to the Chinese Government, who would apparently use them in part to purchase the vessels from Canada which the Ming Sung Co. wishes to obtain, and then the Chinese Government would lease them to the Ming Sung Co. Dr. Soong said that he would be talking in San Francisco to the Prime Minister and would mention this to him. Peers said Mike Pearson had suggested that he might speak to Rasminsky as well in San Francisco about this. Mr. Howe, said Peers, had told T. V. Soong that Canada wished to deal directly with the Chinese companies requiring equipment from Canada, rather than give blanket credits to the Government. Peers himself said that he had told Soong that he felt the Canadian proposal was a better one than what Soong was suggesting. Peers asked me if I agreed with this point of view. I said I thought our letter† to Lu[116] made clear that that was our view.

Peers was calling me primarily to inform me what the situation is and also to confirm, if possible, what our current view is on the alternative put forward by T. V. Soong. I said that I felt San Francisco was not the appropriate place to discuss alternative arrangements, particularly as there would be no one there familiar with the previous negotiations. Peers said he agreed with this point of view, and that it was likely Soong was coming to Ottawa within the next month and could discuss it here.

I called Rasminsky and told him of the developments and suggested that he look up the documents already in the bank's possession on this matter. I told him that there were three major arguments in favour of credits to the Company rather than to the Government. These were:

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[115]Conseiller, Commission des ressources nationales de Chine.
Adviser, Chinese National Resources Commission.
[116]Lu Tso-fu, président, Ming Sung Industrial Corporation Ltd.
Lu Tso-fu, President, Ming Sung Industrial Corporation Ltd.

(1) We want to know with whom we are dealing and make sure that all the credit is used for the purpose intended. In particular, we want to avoid any of the credit being dissipated or used in some way for personal advantage.

(2) We feel it is desirable to establish trade connections with Chinese businesses and industries, rather than with the Chinese Government.

(3) In view of the established position, the "know-how" and the real resources of the Ming Sung Industrial Co., the nature of the industry they are in, and the general reliability of Lu himself, we feel the credit of the company may be superior to that of the Government itself.

Consequently, we would prefer to be lending to the Company as well as having the guarantee of the Government. Moreover, we feel there is an advantage in having the credit an ordinary commercial-type obligation, as that may have certain advantages in case of exchange difficulties or social unrest.

I told Rasminsky that I thought it might be awkward to explain why we did not wish to deal directly with the Government and that would be a problem in diplomacy. I said I thought one could rest the case on the desire to establish direct trade connections. I said I would call him again after I had spoken to Dr. Clark.

When I spoke to Dr. Clark he said that he had already had several conversations with Dr. Sun in New York, who was acting for Mr. Lu, following conversations which Dr. Sun and Mr. Lu had had with T. V. Soong. Dr. Clark said that the only point they had raised had been regarding the cash payment. T. V. Soong had felt this was unnecessarily high and wondered if it could not be reduced or eliminated. It was apparently this point which Dr. Clark contemplated their discussing in San Francisco with T. V. Soong. He said that Lu had apparently raised some cash without recourse to the Chinese Government, but apparently would need to get some foreign exchange from the Government in addition, to meet the amount which we had asked for in cash.

Dr. Clark felt that probably Mr. Robertson rather than Mr. Rasminsky ought to discuss the matter with T. V. Soong in San Francisco, and said that he would call Mr. Robertson to explain the situation to him.

R. B. BRYCE

**143.** DEA/6993-C-2-40

*Le sous-ministre des Finances*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Finance*
*to Under-Secretary of State for External Affairs*

PERSONAL Ottawa, April 20, 1945

Dear Norman [Robertson],

This morning, Mr. Sun, who accompanied Mr. Lu of the Ming Sung Industrial Corporation to Ottawa and carried on practically all the negotiations with us, called me from New York to discuss certain angles of our proposed

credit to Ming Sung. I am sending you herewith a note which I made in regard to the conversation in order that you may be fully informed if Dr. Soong raises the question in San Francisco. I think you will remember the announcement made by the Chinese Government some two or three months ago in respect of their economic organization after the war in which it was said that the Government would confine its industrial activities to large industries and certain public utilities, that private enterprise would be allowed to carry on in other fields (including shipping, I believe) and that in the area of private enterprise, foreign financial assistance would be welcome, perhaps under certain conditions. Mr. Sun also points out that the Chinese Government has already agreed to guarantee a credit made recently by the United States Export-Import Bank to a private company in China and that instead of our deal being a bad precedent there had already been created an exact precedent for it.

In your discussion with Dr. Soong you perhaps may avoid the dangers of reflecting on the credit of the Chinese Government by indicating our general preference for assisting private enterprises at least in fields where private enterprise seems competent to do the job required.

With kind regards and best wishes for success on your present mission, I am,

Yours very truly,

W. C. CLARK

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-ministre des Finances*

*Memorandum by Deputy Minister of Finance*

SECRET Ottawa, April 20, 1945

PROPOSED EXPORT CREDIT TO MING SUNG INDUSTRIAL CORPORATION, CHINA

Mr. Sun of Mr. Lu's staff called me from New York today to ask whether I had heard of the recent change in attitude to the proposed credit assumed by Dr. T. V. Soong. Neither Mr. Lu nor any one of his advisers was present at the conference in Washington between Dr. Soong and Messrs. Howe and Pearson on Tuesday or Wednesday of this week but they had heard that Dr. Soong took the attitude that the credit should be made directly to the Government of China, which would purchase the ships and then lease them either to Ming Sung or to some other corporation, that the Chinese Government preferred export credits to be made directly to it and that if this loan to Ming Sung went through it would create a bad precedent. Mr. Lu was greatly surprised at this change of attitude on Dr. Soong's part and wished to assure me that in the conferences between himself and Mr. Peers with Dr. Soong the latter had expressed the view that our deal appeared to be a good deal, apart from the fact that the cash payment of 15 per cent seemed to be a bit high.

Mr. Lu was quite concerned with the new turn of events and he and Mr. Sun are flying back to Chungking (probably leaving next Wednesday) to see

the Generalissimo and to find out whether by any chance there had really been a basic change in the policy of the Chinese Government which had been enunciated two or three months ago and which indicated that shipping was to be left in private hands. Mr. Lu felt there had been no such change and Mr. Sun said that he wished me to know that they would do nothing or say nothing that might possibly embarrass Canada. He would keep constantly in touch with General Odlum's office and keep in contact with us through that channel.

On the point that the credit to Ming Sung would constitute a bad precedent, Mr. Sun said that this was not true. About a month ago an agreement had been reached for an export credit of $16 million by the United States Export-Import Bank to Yung-li (?) Chemical Corporation (the largest chemical organization in China) and the official documents in respect of this loan had been exchanged between the Export-Import Bank and the Chinese Embassy. This loan carried the guarantee of the Chinese Government just as in our proposed deal with Ming Sung. Mr. Lu had confirmed this this morning with the representative of this chemical corporation who was staying in the same hotel in New York as Mr. Lu. Mr. Sun said that so far as the contribution made to China and its war effort was concerned, Ming Sung has done far more than the chemical corporation, and this was said without intending any disparagment to the latter corperation.

C[LARK]

**144.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

SECRET [Ottawa,] September 5, 1945

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CREDITS FOR CHINA

7. THE MINISTER OF MUNITIONS AND SUPPLY reported that, during his recent visit, the Prime Minister of China had made a request for the granting of financial aid to the Chinese government by direct government loan and by export credits.

The sum of $100,000,000 had been suggested to meet a specified import programme from Canada. These goods considered necessary for the prosecution of the war and for the immediate period following the peace consisted principally of industrial requirements and included $25,000,000 for ordnance supplies already produced.

(Letter, Dr. Soong, to the Minister, and enclosure, Sept. 1, 1945).†

8. THE CABINET, after discussion, agreed that the amount and terms of any financial assistance to China be referred for consideration to the members of the Mutual Aid Board.

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**145.** DEA/6993-C-40

*Mémorandum de la troisième direction politique au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Third Political Division to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] September 7, 1945

CREDITS TO CHINA

The official opinion is that the credit risk is bad and that the Canadian trade interest will be slight for many years. Any credit may well prove to have been a grant made in the form of a credit. There are nevertheless good reasons for using the credit form: it is needless to offer a grant to China when she requests a credit and undertakes to repay it; and it is unwise to forego the chance of repayment, since there is a possibility that China may repay us by borrowing from others.

There is justification for Canada in extending some credit.

It is in Canada's political and economic interest that China be strong and prosperous. Recent developments have greatly enhanced China's chances for a sound, if slow, economic development. The agreement reached with the Soviet Union and the support of the United States and the United Kingdom have markedly strengthened the Government. The Communists have shown a new disposition to be co-operative and conciliatory and there is now good prospect for political stability in China.

If advantage is to be obtained from this new access of strength to the Kuomintang, reconstruction supplies must begin to move into China. China cannot pay for them and will have to obtain them as gifts or by credits. Perhaps the facilities of the International Bank will ultimately substantially aid the development of the country but it may be two years before the Bank is in operation. While some major projects can wait that long, unless supplies are brought into the country immediately, the Government will lose support; its programme will lose way and the new-found enterprise of the country will wane.

While Canada's interest in the reconstruction of the development of China is not so great politically as that of the United States or the United Kingdom, we do share the long-run interest in the upbuilding of the country as a means of raising the general standard of living and of expanding world trade. The United States and the United Kingdom have both made substantial loans to China during the war, the former to the extent of some $550,000,000, the latter £50,000,000. Canada has made no loans to China. Provided the United States extends substantial credits to China, Canada might well recognize some obligation to assist in post-war development. While the amount of Canada's contribution can only be slight in comparison to the Chinese needs or to United States assistance, nevertheless a show of confidence and interest by us will encourage China in her efforts, aid her in her negotiations with other nations

and improve the excellent relations that have been built up with Canada during the war.

It might be awkward to refuse extending any credit to China in the face of our commitments to Belgium, Czechoslovakia, France, the Netherlands, the Netherlands Indies, Norway and the U.S.S.R., which are in the neighbourhood of $470,000,000. The only grounds for refusing could be that China was a bad credit risk, since in terms of population and need China might expect to receive more than any other country. The war with Japan has resulted in the loss of her industrial centres for eight years, serious interference with her agricultural production, blockade of the flow of goods into China, limited scope for taxation and dangerous monetary inflation.

NOTE: It was suggested to Cabinet on September 5th that credits be granted to cover an ordnance programme of $25,000,000. This programme included pistols; Sten guns; Bren machine guns; Bofors; anti-tank rifles; 6-pdr. anti-tank guns; 3.7 anti-aircraft guns; 25-pdr. self-propelled mounts; 25-pdr. field equipment; range-finders; binoculars; ammunition in scale for the weapons; one 9-mm. ammunition plant; one .303 ammunition plant to be converted to 7.92 mm. and motor vehicles. All the above items have already been produced with the exception of some wireless trucks and of the September production of Bren guns.

The $75,000,000 reconstruction programme discussed included raw materials (aluminium, copper, zinc, etc.) to the extent of $20-25,000,000; engineering services, civilian trucks, machine tools, communication materials and small steam power plants.

The total Chinese request is in the neighbourhood of $250,000,000.[117] In addition to the two programmes mentioned above, there is a long list of specific projects which it is proposed should be examined individually by the Canadian authorities to determine their eligibility for financing under the guarantee provisions of the Export Credits Insurance Act. It is possible that many of them can await the establishment of the International Bank.

**146.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] September 19, 1945

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CREDITS FOR CHINA; EXPORT PROGRAMME

1. THE SECRETARY reported that, following the reference made to them by the Cabinet on September 5th, the Mutual Aid Board had considered the

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[117]Note marginale:/Marginal note:
242,370,000

position and agreed to recommend the provision of financial aid to the Chinese government for exports from Canada, on the following basis:

(a) a $25 million credit for ordnance supplies; and,

(b) a $35 million credit to be used for reconstruction purposes

conditional upon cash purchases to a total of $15 million.

This would mean a total programme of Chinese purchases amounting to $75 million.

(Memorandum, Mutual Aid Board to the Secretary, Sept. 17, 1945).†

2. THE CABINET, after discussion, agreed to arrangements being made with the Chinese government on the terms recommended by the Board.

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**147.** DEA/6993-C-40

*Le sous-secretaire d'État par intérim aux Affaires extérieures au ministre de la Reconstruction et des Approvisionnements*

*Acting Under-Secretary of State for External Affairs to Minister of Reconstruction and Supply*

SECRET Ottawa, November 1, 1945

Dear Mr. Howe,

The outbreak in China of open fighting between the Communists and the forces of the Central Government has brought about a state of affairs in which it is even more than usually difficult to predict the course of events. The fighting has begun only after the failure of protracted negotiations in Chungking and it seems most unlikely that there will be an early end to it.

In these circumstances, I am doubtful whether it would be wise to make deliveries of munitions to the Chinese Government under the recent credit, at any rate until the question has been considered in the light of the changed conditions in China, perhaps after the return of the Prime Minister.

Yours sincerely,

H. H. WRONG

**148.** DEA/6993-C-40

*Le ministre de la Reconstruction au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Minister of Reconstruction to Acting Under-Secretary of State for External Affairs*

SECRET [Ottawa,] November 2, 1945

Dear Mr. Wrong:

Thanks for your secret letter of November 1st.

No steps will be taken to ship ammunition to China until External Affairs advises that this can be done safely, and certainly not until the return of the Prime Minister.

Yours sincerely,

C. D. HOWE

**149.** DEA/6993-C-40

*Mémorandum de la troisième direction politique au sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Third Political Division to Associate Under-Secretary of State for External Affairs*

SECRET [Ottawa,] November 27, 1945

At the staff meeting this morning reference was made to the probability of political repercussions if Canada should extend further aid in the form of munitions to China. A consideration of much broader significance is the effect which the extension of such aid may have on the future relations of Canada with China and possibly also on relations among the three great powers.

The Communist movement in China is widespread and seems to have very solid grounds for support in the sympathies of large numbers of the Chinese people. Their controversy with the present government will no doubt be long continued. It is not likely that supplies of munitions alone would be a determining factor in the struggle. Probably only foreign intervention could settle the issue quickly and such settlement would be temporary.

The alternatives seem to be:

(1) Outright support of the Chinese Central Government, which would more or less openly set the United States and the United Kingdom in opposition to the U.S.S.R. (This has been advocated by the Ambassador in Chungking.)

(2) A policy of limited aid which would have the effect of needling the Soviet Union.

(3) A policy agreed upon by the three great powers which would leave the settling of China's internal problems to herself.

Under the third alternative some compromise would no doubt be worked out by the contending groups in China for the immediate future and some form of coalition for the longer future.

Canada's policy may have relatively little effect in view of the larger supplies under the control of the United States.

In these circumstances could an approach from Canada to the United States be considered which would indicate our hope that a common "hands off" policy might be adopted by the three great powers?[118]

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[118]La note suivante était écrite sur le mémorandum:
The following note was written on the memorandum:
I agree. R. M[acdonnell]

**150.** DEA/6993-C-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum by Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] November 28, 1945

SALE OF MUNITIONS TO CHINA

During the negotiations for the extension of export credits to China it was agreed that the Chinese Government would be given an export credit of $35,000,000 to assist in financing a $50,000,000 programme for the importation of reconstruction supplies from Canada and a further credit of $25,000,000 for the purchase of the munitions ordered for China under the Mutual Aid programme but not delivered when hostilities ended.

The munitions are already manufactured and could move forward on whatever shipping becomes available, as the Chinese know. They have begun negotiations to take up the credit. The outbreak of civil war in China, however, makes it necessary to consider the political implications of any shipment of munitions from Canada at this time.

The probability is that the controversy in China will be long continued. It is unlikely that $25,000,000 of Canadian munitions would prove to be a significant factor in settling the conflict. Even a considerable supply of munitions could hardly, in itself, be a determining factor in the struggle. A quick settlement would probably require foreign intervention and such settlement could only be temporary.

Hence we are justified in considering the effect which the furnishing of munitions would have on the political situation both in Canada and in China, and possibly also on relations among the three great powers. It seems likely that political controversy might arise in Canada and that the supplying of munitions might be interpreted abroad as a step towards intervention. The Chinese would no doubt appreciate our desire to avoid in Canada the type of controversy that has arisen in the United States — now intensified by the resignation of Ambassador Hurley — which would be harmful to Chinese and Canadian interests alike.

It may be that we can both satisfy the Chinese and avoid political difficulties for Canada by adopting the following course: Allow the Chinese a credit of the originally contemplated amount of $60,000,000 to cover a programme of $75,000,000 but stipulate that none of this amount be spent on munitions.

This would be renewed evidence of our desire to assist the Chinese in the work of peaceful reconstruction.

For practical reasons also the Chinese Government might welcome such an adjustment. They know that the munitions are of little value to us, but they have indicated that they did not take advantage of this to drive a hard bargain.

The transfer of the $25,000,000 to other projects might well enhance the value of the credit to them.

We could agree that if the disturbances should moderate before the full $60,000,000 is spent we would be prepared again to consider the shipment of munitions for which they could use any unspent balance of the credit.

[N. A. ROBERTSON]

**151.** DEA/6993-C-2-40

*L'ambassadeur en Chine*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in China*
*to Secretary of State for External Affairs*

TELEGRAM 486 Chungking, December 6, 1945

MING SUNG SHIPBUILDING CONTRACT

I have received a communication from the Protocol Department of the Ministry of Foreign Affairs, dated December 6th, in the following terms, Begins:

The Protocol Department of the Waichiaopu (Foreign Office) presents its compliments to the Canadian Embassy and begs to state that it has seen the memorandum of March 8th[1] concerning the borrowing of fifteen million Canadian dollars by Mr. Lu Tso Fu, General Manager of the Ming Sung Industrial Company, from the Canadian authorities concerned, for the purchase of eighteen ships.

The Chinese Government expresses its gratitude for this friendly gesture of help by the Canadian Government, and has given its sanction for this matter, and is willing to act as surety for the responsibilities of the Company.

We request the Canadian Government to act as surety also, so that under an atmosphere of faith the matter may be settled at the earliest possible moment. Ends.

**152.** DEA/6993-C-2-40

*Mémorandum du ministère des Finances*

*Memorandum by Department of Finance*

[Ottawa,] November 15, 1945

REGARDING DEVELOPMENTS IN RESPECT OF CREDITS TO CHINA

On December 12th General Kiang[119] came in to see me in regard to the discussions we had had on credits for China. He said that they would like to be able to use the $75 million program already discussed with us for post-war

[119]Générale P. Kiang, directeur, Agence d'approvisionnement du gouvernement chinois au Canada.
General P. Kiang, Director, Chinese Government Supply Agency in Canada.

purposes, and to have no amount earmarked for weapons. He said that his Government would like to receive credits of $75 m. and be required to make cash purchases of $15 m. in addition. He understood it might embarrass us to ship weapons to China at the present time, and he thought their authorities would be quite agreeable to an arrangement under which the weapons which we were proposing to sell them on credit would be held by the Department of Munitions and Supply, say at Longue Pointe Depot, subject to future discussions and possible future sale by Canada to China for cash. They would like, however, to be able to obtain in the near future the industrial plant which was included in the original D.M.S. program and which he understands is surplus to Canadian requirements. I understand this includes some equipment for the manufacture of ammunition of particular Chinese calibre. They would also like to obtain the military-type trucks which were included in the D.M.S. program and which were to be included in the items sold to them for $25 m. These trucks can be used, he said, for civilian as well as military purposes, and would be of great value to China in the immediate future. They would hope that they could have the cash requirement restricted to one-sixth of the total program, or one-fifth of the loan. He had read Mr. Ilsley's statement in the House of Commons[120] and had learned from that that in some cases we have confined our cash request to one-sixth rather than one-fifth of the program, and he felt that should apply in the case of China. He said his Government would also wish us to extend the repayments of the credit up to a time forty years from the date of the loan. He hoped that we could provide them with credits of this length at an interest rate of 3%. He would be interested, however, to learn what alternative period we could offer them at a 3% interest rate. He reported to me that they were making purchases now in the United States in anticipation of a credit from the U.S., placing their contracts on a contingent basis. He very much regretted the delay in being able to go forward on Canadian purchases. He said that already the delay had cost Canada the sale to China of the so-called China coasters, as his Government had now been able to buy from the U.S. ships of this general type but somewhat superior in detail, and in particular of a tonnage of 3,000 tons, which is better adapted to their requirements. He was afraid that further delay might mean that they bought their railway equipment in the U.S. rather than Canada.

I told him I would take these matters up as soon as I could with Mr. Ilsley, and possibly with Mr. Howe, as he was anxious to get them raised before Mr. Howe left. I saw Mr. Ilsley briefly that afternoon about the matter. He did not feel prepared to agree to an increase in the amount of the credit for post-war purposes beyond $85 m. because of the relation of this to the amount being provided by the U.S., which we still understand to be $560 m. He said that the Chinese agreement not to take the weapons at this time would not cause him to alter his views on this matter, as the weapons were very largely produced already at the cost of the Canadian Government, in any event. He said he would be prepared to see some amount added to the $35 m. to cover the trucks

[120]Voir Canada, Chambre des communes, Débats, 1945. Deuxième session, vol. III, pp. 2907-12. See Canada, House of Commons, Debates, 1945, Second Session, Volume III, pp. 2844-49.

and industrial equipment, and saw no objection to the shipment of these and their inclusion in the immediate program.

I had an opportunity of speaking to Mr. Howe about this matter shortly afterwards in Mr. Ilsley's outer office. Mr. Howe in general agreed with the view which Mr. Ilsley had taken. He himself felt that it was not desirable to ship the weapons under present circumstances and that they could be held until later. He felt it would be all right to ship the industrial equipment in the ordnance program and the trucks which China had expected to take under the $25 m. payment. He thought it was just as well to restrict the post-war credit at the present time in the way Mr. Ilsley had suggested.

I told General Kiang I would try to let him know about this matter on Thursday, but was not able to do so. Mr. Pierce had agreed to get further information from Washington on the status of the credit arrangements there, and when this information is in, I will prepare a recommendation to Council asking for authority to make a specific offer of terms to the Chinese for $35 m. credits plus something additional to cover the trucks and industrial equipment, the terms of repayment to extend to the end of 30 years, and various interest rates depending on when repayment commences.

Mr. Ilsley and Mr. Howe both agreed that the amount of the required cash purchases could be related directly to the amount of credit that we will provide, and that we might amend our original offer in that respect.

R. B. B[RYCE]

**153.** DEA/6993-C-2-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Chine*

*Secretary of State for External Affairs to Ambassador in China*

TELEGRAM 352 Ottawa, December 17, 1945

Your telegram No. 486, December 6, 1945, Ming Sung Shipbuilding Contract.

Please advise Chinese authorities that to enable Canadian Government to provide guarantee under Export Credits Insurance Act, it is necessary for Chinese Government to inform Canadian Government that it has guaranteed the obligation of the Ming Sung Industrial Company to pay the cost of the eighteen ships being purchased from John Inglis Co. Ltd., that it requests the Government of Canada to guarantee the aforesaid obligation of the Government of China and that it undertakes to indemnify the Government of Canada against any loss in connection therewith.

You might also suggest to Chinese authorities that it would be helpful if the above were transmitted through the Chinese Ambassador in Ottawa, and if he were at the same time authorized to execute on behalf of Chinese Government whatever documents might be necessary so that the guarantee arrangement may be concluded without unnecessary delay.

DTC/Vol. 222

**154.**

*Le ministre des Finances*
*au directeur de L'Organisme du gouvernement chinois*
*chargé des approvisionements*

*Minister of Finance*
*to Director, Chinese Government Supply Agency*

Ottawa, December 28, 1945

Dear General Kiang,

I am writing to you about the implementation of the offer which Mr. Howe extended some weeks ago on behalf of the Canadian Government to Dr. T. V. Soong, for your Government, in response to the request of your Government for credits. Mr. Bryce of my Department has informed me of his discussions with you on this matter, and of the various points which you raised and the requests which you made on behalf of your Government.

The offer which Mr. Howe made to Dr. Soong was that the Canadian Government would be prepared to lend $35,000,000 to the Government of China for the purchase of post-war requirements of the Government of China in Canada, and to lend $25,000,000 to the Government of China to pay for various types of supplies and equipment which it had been expected China would receive from Canada as Mutual Aid had the war continued. The provision of these credits was to be contingent on China agreeing to spend $15,000,000 of its own funds, derived from the sale to Canada of gold or United States dollars, on purchasing supplies in Canada during the period in which these credits were being utilized. No definite offer of terms of the two loans concerned was made at that time.

I understand that it is now expected and agreed that the weapons and munitions included in the original program of military supplies will not be purchased or shipped at the present time, and that therefore the items on this Mutual Aid program which you would wish to obtain immediately are the trucks and the used industrial equipment which your authorities had requested and would like to receive as soon as possible.

After taking up this matter with my colleagues in the Cabinet, I am now able to inform you that we are prepared to enter into a loan agreement with your Government as soon as is practicable, under which Canada would lend to the Government of China $35,000,000 for the purchase of post-war supplies, in accordance with a program to be agreed with the Department of Trade and Commerce. We are prepared as well to extend to you an additional credit of $25,000,000 to be used in purchasing the supplies originally requested as Mutual Aid, as and when the various categories of those supplies are shipped by mutual agreement. I understand that the trucks and industrial equipment on this program will be ready for shipment and can be shipped very shortly, and that the amount of credit required to make payment for them would be something approaching $15,000,000 out of the $25,000,000 noted above.

We will make this loan on condition that your Government uses for purchasing supplies in Canada for export to China an amount of Canadian dollars derived from the sale to Canada of gold and U.S. dollars equal to 20 per cent of the amount of the credits utilized. In these cash purchases we would be prepared to include purchases made by your Government or by Chinese importers through commercial channels, provided that satisfactory arrangements can be made for obtaining records of them.

In regard to the terms of the credits themselves, the Canadian Government is prepared to accept repayment in thirty annual instalments, commencing in 1948. This is approximately the same period as the credit we have provided to certain Western European countries. We do not believe that we can undertake to provide credits for repayment over a longer period than this. The interest rate we should request for a credit of this duration is 3 per cent per annum. We understand you would wish to use these credits during 1946 and 1947, which would be satisfactory to us.

Mr. Bryce has reported to me the strong desire of your Government to have us increase the amount of credit which we could make available to you. I have discussed this matter with my colleagues, and I must report that the Canadian Government is not prepared at this early stage to agree to a larger credit for general post-war purposes than the one I have outlined above. As you know, however, we have indicated our willingness to consider the provision of guarantees for credits obtained in Canada for the financing of specific industrial projects, and we remain prepared to consider any projects along this line that your Government wishes to put forward itself or permit Chinese nationals to put forward.

If your authorities are prepared to agree to the terms which I have outlined above, I think it would be possible to proceed quickly to have an agreement drawn up which could be submitted to the Canadian Government and presumably to your own Government for formal approval, and which could then be signed without delay. I would hope myself that completion of the agreement could be accomplished within another two weeks.

I regret that there has been some delay in dealing with this matter in recent weeks, but, as you know, there has been a great deal of urgent business to be dealt with because of the termination of our Parliamentary session.

I sincerely hope it will be possible for us to reach agreement quickly on a credit that will enable Canadian supplies and equipment to be of use to China in the enormous task of reconstruction which she faces.

Yours very truly,

J. L. ILSLEY

## SECTION H

### GRÈCE/GREECE

**155.** DEA/6993-H-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Grèce*

*Secretary of State for External Affairs to Ambassador in Greece*

TELEGRAM 33 [Ottawa,] November 29, 1945

SECRET. The Greek Ambassador has advised me that his Government wishes to obtain an export credit of $25 to $50 million. When the request was made we felt it would be difficult to justify to Cabinet a loan to Greece because of (a) the political instability of Greece; (b) the failure of successive Governments to deal effectively with increasingly chaotic economic and financial conditions; (c) the withdrawal by the United Kingdom of financial support for the Greek Army, which must affect either the security of the country or its budget or both; (d) the small volume of past and prospective trade between Canada and Greece; and (e) the failure of Greece to repay the loan made by Canada in 1919.

The advent of a stronger Greek Government which has accepted United Kingdom proposals for reconstruction and has undertaken to implement them in consultation with British experts may have changed the situation materially. We feel, however, that it might be wise to delay a decision until the stability of the new Government has been proved and its reconstruction measures are in effective operation.

We have learned from our Embassy in Washington that negotiations are proceeding satisfactorily for a loan of $25 million to be made to Greece by the Export-Import Bank. The Greeks submitted a detailed programme of proposed expenditures, consisting principally of materials required for road repair, railroad equipment, materials for irrigation of agricultural land, repairing and salvaging ships and for repairing ports, items necessary for re-equipping the Merchant Marine and equipment for repairs and improvements in the Athens water works. The loan will be for a thirty-year period and the rate will be the standard Export-Import Bank rate of three per cent *per annum*. The terms are in some respects more liberal than those offered by the Bank to other borrowers. The report circulated in Athens and reproduced in the newspapers here that the United States had promised a loan of $250 million to Greece was false. The United States authorities are not considering a loan of that magnitude to Greece at this stage.

In addition to the loan under negotiation, which we understand represents the limit to which the United States are prepared to go now in the way of financial assistance apart from UNRRA contributions, the United States authorities are expected to discuss with United Kingdom representatives a proposal to provide the Greek Government with a small United States-United Kingdom Technical Advisory Mission.

As the Greek request for a credit from Canada will doubtlessly be pressed with insistence, we would welcome your comments by telegraph.

Associated with the question of credit is that of concluding a trade agreement exchanging most-favoured-nation treatment. Your despatch No. 27 of October 9th† enclosed a summary of an article in *Kathimerini*† in which it was stated that Grew[121] "will fix the formal basis for the Canadian-Greek commercial and economic exchanges by a basic commercial agreement." This indicates our commitment to negotiate an agreement. Is the statement accurate? We favour in general concluding such agreements. We are willing to proceed if we are committed or if the Greek Government desires to do so, but if neither is the case we would prefer to defer negotiations until they could be conducted in relation to the world trade negotiations which we expect will take place in the spring or summer of 1946.

**156.** DEA/6993-H-40

*L'ambassadeur en Grèce au secrétaire d'État aux Affaires extérieures*

*Ambassador in Greece to Secretary of State for External Affairs*

TELEGRAM 50 Athens, December 2, 1945

Your telegram No. 33 of November 29th, export credit for Greece, final paragraph

Canada is not, repeat is not, committed to negotiate loan or credit or trade agreement. Both George[122] and I were present when Grew replied, in most general terms, to a few questions. Misstatements by Greek newspapers are a daily occurrence, often reflecting wishful thinking, as widely circulated reports of 250 million United States loan show. The Grew misquotation has not since been mentioned to me and should be disregarded.

2. I have told Greek Government I hope no trade agreement placing Canada at disadvantage will be concluded with other countries, e.g., Scandinavia (see my despatch No. 37 of November 1st†). Sophianopoulos[123] this week promised to inform me of progress being made in Stockholm. Nothing more definite has been said. I favour a Greek-Canadian Trade Agreement and would now like authority to discuss relevant points with the Greek Government without committing you, and to ascertain views of United Kingdom, United States and U.N.R.R.A. advisers here.

3. Regarding export credit, I share apprehension of instability of Greece for reasons mentioned in your first paragraph and agree with wisdom of waiting for new Government to prove its capacity to stabilize economy. Several previous Governments have had good intentions and British support. This

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[121]Richard Grew, délégué commercial en Egypte (avec responsabilité pour la Grèce.)
Richard Grew, Trade Commissioner in Egypt (with responsibility for Greece.)

[122]James George, troisième secrétaire, ambassade en Grèce.
James George, Third Secretary, Embassy in Greece.

[123]J. Sophianopoulos, ministre des Affaires étrangères de Grèce.
J. Sophianopoulos, Foreign Minister of Greece.

Government might prove stronger, but situation is as uncertain as ever. Net result of McNeil Mission[124] visible today is Left Centre is being given their opportunity. Extreme Left's jubilation already cooling into conditional support, while the Rightists and others blame the Government supporters and criticize United Kingdom Government authorities for dealing with Greek affairs with British rather than Greek public opinion in mind. This despite the United States Ambassador having deviated slightly from traditional non-intervention policy. Government's complexion, with the public believing it was brought in by the British, has caused new wave of fear of Soviet influence among majority, which is probably Royalist, because the people dread the Communistic alternative remembering last December. Despite the recent enactment of the death penalty for possession of gold, the drachma is again in 70 thousands, while open market commodity prices are soaring still faster. British economic experts' arrival expected within three weeks, but problem essentially one of public confidence and whether the Administration would enforce any new measures to be agreed upon. No reply from Washington yet received here on proposed United States participation.

4. If the present Government should fall before elections, Moderate Right would probably replace it; after that, the Communists, with or without bloodshed. Lack of Greek stability may, therefore, play into Communist hands. Though Canadian credit concluded now would help present Government, I am against a rapid conclusion of credit negotiations and recommend playing waiting game. I see grave danger of credit granted now being used more to support the Government than the country, as the tendency in utilizing U.N.R.R.A. supplies illustrates. However, if the Greek Government press for immediate credit or trade agreement, and if a credit now would be more useful to Canada's transitional economic policy, I recommend that the agreement be most carefully framed so as to ensure:

(a) Credit must not be spent within few months but used to supplement conclusion of U.N.R.R.A;

(b) Credit should not be available until after the elections;

(c) Goods selected should be from availability list approved by the Canadian Government;

(d) Greek Government should sell direct to consumer or at any rate strictly limit and control profit;

(e) Canadian goods and their retail prices should receive full publicity in Greece.

(f) Settlement of old loan to be part of any new credit, and

(g) Canada to receive most favoured treatment by trade agreement. Please inform me what Canadian goods might be approved under (c) above.

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[124]Visite en Grèce de Hector McNeil, sous-secrétaire d'État aux Affaires étrangères de Grande-Bretagne, en novembre 1945.
Visit to Greece of Hector McNeil, Under-Secretary of State for Foreign Affairs of Great Britain, November 1945.

5. I expect that the British are strongly behind the Greek request, as they have already informally suggested loans of military and financial relief from Canada. My despatches No. 59 of November 16th† and No. 30 of October 30th† refer.

6. Greece is obviously very poor risk. Canadian help could only be given on basis of Greek suffering and sacrifices during the war and to keep a strategically located friend from being submerged. Western Europe is already in danger.

7. Granting of credit relief with strict conditions merits consideration now but to be effective at the appropriate time.

8. Anything said to the Greek authorities in Canada would probably soon be reflected in Athens newspapers edited to suit particular purposes.

**157.** DEA/6993-H-40

*L'ambassadeur de Grèce au secrétaire d'État aux Affaires extérieures*

*Ambassador of Greece to Secretary of State for External Affairs*

[Ottawa,] December 4, 1945

Sir:

With reference to my conversation with the Under-Secretary of State for External Affairs on the 22nd of November, 1945, I have the honour to inform you that I have been directed by the Greek Government to present to the Canadian Government a formal request for credits as provided by the Export Credits Act, for the amount of $50,000,000.

I think it will be unnecessary to restate what I had the opportunity of setting forth at length with Mr. Robertson relating to the financial conditions prevailing in Greece, which is well known by the Canadian Government.

The great difficulties facing Greece today, following the tremendous sacrifices she has undergone, thus paying the highest price for the common victory; the fact that Greece has not obtained any credits from the $100,000,000 originally appropriated for credits, cause me to look forward with confidence to the favourable consideration by the Canadian Government of the request of the Greek Government and that the whole amount will be obtained, which, anyway, will only cover a very small part of the Greek needs.

I am the more confident of this having in mind the particularly friendly feelings of the Canadian Government and the Canadian people towards my country who has already received, upon many occasions, concrete testimony. I do not doubt that the Canadian Government will show the same spirit in considering the aforesaid request of the Greek Government and will see that, in formulating the conditions under which the credits will be granted, proper consideration of the financial situation of Greece will not be omitted, especially in connection with the period and the conditions of repayment.

Accept etc.

C. M. SAKELLAROPOULO

**158.** DEA/6993-H-40

*L'adjoint spécial au sous-secrétaire d'État aux Affaires extérieures au sous-ministre par intérim des Finances*

*Special Assistant to Under-Secretary of State for External Affairs to Acting Deputy Minister of Finance*

SECRET Ottawa, December 7, 1945

*Attention: Mr. Bryce*

I attach telegram No. 50 of December 2nd from the Canadian Ambassador to Greece on the subject of export credits.

Please note the Ambassador's proposals in paragraph 4.

On (a) we should certainly check the Greek programme to ensure that there is no duplication with the UNRRA programme as did the U.S. (See teletype WA-5974 of November 28th).† Further, we may be able to check the programme with the U.K. Economic Advisory Commission, if the Greeks decide to receive the Commission.

On (b) our advice is that the elections will not likely be held before March 1946.

The suggestion in (c) conforms to our usual practice.

As to (d) I would think that we would lend only if we had confidence in the government and if we have it would not be necessary to impose such conditions, which are designed to prevent the government making an exorbitant profit and to prevent black market operations.

(f) I doubt if we should disinter the old loan unless the Greeks intended to settle other obligations of similar character. It is perhaps too much to ask the Greek Government to add to the heavy load they are carrying.

(g) We raised this question with France but felt then that we should not make granting of m.f.n. treatment a condition precedent to the granting of the loan.[125] I think we should raise it with the Greeks, who would probably agree.

With reference to a trade agreement, in paragraph 2 the Ambassador says he would like authority "to discuss relevant points" with the Greeks without committing us. The Department of Trade and Commerce might consider it worth while to send us for transmittal to him a prototype agreement.

I would appreciate your comments and I am asking the Department of Trade and Commerce for theirs.

SYDNEY D. PIERCE

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[125]Voir les documents 132-4 et 137./See Documents 132-4 and 137.

**159.** DEA/6993-H-40

*Procès-verbal d'une réunion avec l'ambassadeur de Grèce*
*Minutes of Meeting with Ambassador of Greece*

[Ottawa,] December 8, 1945

The Ambassador referred to his note of December 4th requesting an export credit of $50,000,000 and hoped that the request would be favourably received and acted on quickly.

I explained the requirement which had been laid down in all cases of export credits, namely, the presentation of a Canadian procurement programme, listing the supplies which it was hoped could be procured in Canada out of the proceeds of the credit. I said that we had received such a programme from all countries to whom loans had been made. When he had such a programme and not before, conversations could usefully begin between him and the Department of Finance.

I further explained that we would wish to relate the programme of Canadian procurement to UNRRA's programme for relief in Greece, to the economic assistance which the United Kingdom and the United States were likely to provide, and finally to the broad reconstruction programme of Greece. If, however, the Greeks drew up a programme of Canadian procurement, a beginning could be made and this programme could be examined for availability in Canada. He asked me whether we objected to supplying foodstuffs. I told him that we had made a substantial contribution to UNRRA and that, in so far as foodstuffs for relief were concerned, we would expect that UNRRA would meet the needs of Greece.

I told him that a loan of $50,000,000 would be difficult for us to justify by the extent of our interest, that it might be out of proportion to the assistance being granted by other countries and that it would certainly be hard to justify under a strict interpretation of the Export Credits Insurance Act, under which loans may be authorized "for the purpose of facilitating and developing trade or any branch of trade." Our trade with Greece has been very small, amounting to $300,000 in 1939. I told him that I thought it would be in the interests of Greece to present a programme considerably smaller than $50,000,000. I don't think, however, I made much impression. The Greeks will probably let the request stand even though they don't expect it to be granted in full. The Ambassador said that if we couldn't meet it in full they would be glad to receive a smaller amount.

The Ambassador proposes to communicate with his Government and ask for a programme at once without waiting for a reply to his note.

S. D. P[IERCE]

**160.** DEA/6993-H-40

*Le sous-secrétaire du Commerce*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Trade and Commerce*
*to Under-Secretary of State for External Affairs*

SECRET Ottawa, December 11, 1945

Attention Mr. S. D. Pierce

I have your letter of December 7 enclosing telegram No. 50 of December 2nd from the Canadian Ambassador to Greece on the subject of export credits together with his proposals in connection with that subject and a possible trade agreement with Greece.

We should be in favour of his discussing relevant points in connection with a possible Greek-Canadian trade agreement with the Greek government without at this stage committing us. It is hardly likely that we would be prepared to go further at present than an exchange of most-favoured-nation treatment, although this might be supplemented later, when the agreements with our major markets have been revised, by a further agreement giving particular attention to some specific commodities. As suggested in your letter, I am enclosing herewith copies of our existing agreement with Brazil[126] and draft agreement to be discussed with Mexico.† In connection with the latter, the comments regarding quantitative restrictions in my letter to you of December 10 might be helpful and a copy is enclosed.†

With regard to the Ambassador's request under Item 4(g) for a list of what Canadian goods might be approved as available for export to Greece under the terms of a loan, we are inclined to doubt the desirability of detailing specific commodities at this time. The supply position might alter appreciably before the loan became effective. Further the listing only of items which are in good supply at the moment, might give the erroneous impression that these are the only ones we wish to export. On the whole, we incline to the view that the Ambassador might indicate to the Greeks the things that Canada exports as listed in our trade statistics and leave it to them to indicate what they would like to obtain under a loan arrangement. Reservations on the ground of availability could be made subsequently if necessary, as was done in the case of the French loan.[127] In any case a loan to Greece would not likely be so large as to give rise to serious supply difficulties.

In view of the fact, recognized by the Ambassador in his paragraph 6, that Greece is not a first-class risk from the commercial point of view, Canadian help, if offered, would be mainly on the basis mentioned by the Ambassador. Neither our past experience with a Greek loan nor the future prospects of trade with that country — so far as we can see at present — would appear to offer

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[126]Voir Canada, Recueil des traités, 1945, N° 18.
See Canada, Treaty Series, 1945, No. 18.
[127]Voir les documents 133 et 137./See Documents 133 and 137.

any great prospect for the speedy retirement of any credit that might be granted. Relief in Greece would appear to be a particular responsibility of UNRRA. If, however, the government should decide, for the reasons mentioned by the Ambassador, to grant credits to Greece, I concur in the recommendations of the Ambassador and the comments in your letter.

Yours faithfully,

M. W. MACKENZIE

**161.** DEA/6993-H-40

*Ministère des Finances*
*à l'adjoint spécial au sous-secrétaire d'État aux Affaires extérieures*

*Department of Finance*
*to Special Assistant to Under-Secretary of State for External Affairs*

[Ottawa,] December 11, 1945

I have your note of December 8th regarding your conversation on that date with the Greek Ambassador, and also a copy of the note which the Greek Ambassador has addressed to the Secretary of State for External Affairs, asking Canada to provide credits to Greece in the amount of $50,000,000.

As you know from our conversation on this matter, there are very considerable financial risks in any substantial loan to Greece, and there has in the past been relatively little trade between the two countries. We are all acutely aware — and, I believe, sympathetically aware — of the serious financial difficulties which Greece is now experiencing, and of the magnitude of the losses she has suffered as a result of the war. However, it would seem to me that our assistance to Greece, if there is to be assistance, should mainly take the form it has in the past, that is, of gifts of food to tide it over, and the provision of supplies by UNRRA, to which, of course, we contribute on a fair and equitable basis. Presumably, from what the Greek Ambassador has stated, more will be needed than can be provided through these agencies and in this manner. Such additional amounts would apparently have to be provided on credits, and in our case, presumably under The Export Credits Insurance Act.

As you have pointed out, it will be difficult to justify a large loan in terms of our trade with Greece in the past and our prospective trade with Greece in the future. Therefore, it would seem to me that any credits beyond very small amounts would have to be justified by our general interest in the future of Greece and its place in Europe. I am, therefore, writing to ask whether the Department of External Affairs would be prepared to supply us with an appreciation of Canadian interests in the future of Greece and with any information on the share which Canada should reasonably be expected to assume of a program of assistance by way of credits that might be carried on by the U.K., the U.S., and other countries.

R. B. BRYCE

**162.** DEA/6993-H-40

*L'ambassadeur en Grèce au secrétaire d'État aux Affaires extérieures*
*Ambassador in Greece to Secretary of State for External Affairs*

TELEGRAM 72 Athens, December 27, 1945

IMMEDIATE. SECRET. Canadian export credit for Greece.

Well informed Athenian papers today report that Greek Vice-Premier Tsouderos will consult Canadian authorities while in London for economic talks with United Kingdom authorities this weekend.

2. Considering Greek political instability and economic breakdown, I believe any credit made available to Greece immediately would do the country little good except by strengthening the present Government for a time. The twenty-five million dollar United States loan will serve this purpose if anything can. Unless Canada can afford to give two credits to Greece, one now and one later, I recommend continuing waiting game.

3. This telegram has not been repeated to the High Commissioner for Canada in London.

## PARTIE 4/PART 4
## ACCÈS AUX MARCHÉS ÉTRANGERS
## ACCESS TO OVERSEAS MARKETS

**163.** DEA/6250-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

DESPATCH 193 Ottawa, February 21, 1944

Sir:

I have the honour to inform you that consideration is being given in Canada to the maintenance of Canadian trade connections with countries which may constitute substantial post-war markets for Canadian goods, even though at the present time exports to them may not be of great importance to Canada.

2. One of the most important areas concerned is that dealt with at present by the Middle East Supply Centre in Cairo. The requests for imports in the territories under its jurisdiction are reviewed by it in the light of the supply situation and its recommendations are transmitted to the various supply authorities. It appears that the Middle East Supply Centre refers its recommendations to London and that United Kingdom companies are given the opportunity to supply any of the commodities which may be required. The remaining requests are then referred to Washington, and Canada is usually

disregarded as a source of supply except for a very limited range of commodities for which Canada is the only possible source of supply. The United Kingdom and the United States are equally represented on the Executive Committee which controls the Middle East Supply Centre but Canada has no representation on this Committee.

3. In the case of Turkey, there is a Cabinet Committee in London which deals with supplies and any requirements which the United Kingdom cannot undertake are referred to Washington. Such knowledge as we receive comes to us through our Commercial Counsellor there as a result of his close liaison with the British Supply Council.

4. A somewhat similar situation exists in the case of the requirements of the British colonies. Orders for goods not available in the United Kingdom are referred to the British Colonies Supply Mission in Washington, with which also we maintain close liaison.

5. In view of these facts, I should appreciate it if you can explore with the United Kingdom authorities the question of recognition which Canada should receive as a supplying country and the desirability of establishing well-defined channels by which we may be informed of the requirements of such areas as the Middle East, Turkey, and North Africa. In these discussions it would be desirable to emphasize that our chief interest lies in forestalling a situation in which the countries concerned would normally look to the United Kingdom and the United States as their normal suppliers to the exclusion of Canada. In some instances it is a matter of retaining a foothold in our prewar markets and in others a matter of becoming known in new markets which have not in the past been exclusively those of the United Kingdom or the United States.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**164.** DEA/6250-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

DESPATCH 456 London, April 6, 1944

Sir

I have the honour to refer to your despatch No. 193 of February 21st concerning the maintenance of Canadian trade connections with the Middle East, Turkey, North Africa and the British Colonies, even though at the present time exports to these countries may not be of great importance to Canada. Previous to the receipt of your despatch this question was very thoroughly gone into by officers in London of the Department of Trade and

Commerce and discussions have since taken place with the Dominions Office and other Departments concerned, particularly with regard to Canada's interest in the areas which are the concern of the Middle East Supply Centre in Cairo.

2. In principle the method followed in handling requirements for the areas referred to is to divide the requirements into three classes:

(a) Individual import licences granted to the merchants to import certain essential commodities.

(b) Bulk indents submitted for certain commodities.

(c) Importation of cereals under a pooling system.

Under the bulk-indenting system the total number of commercial orders is added together, combined with any Government orders and put forward to the Missions established to deal with the needs of designated countries. In the pooling system, under which nearly all the principal foodstuffs and some vitally important materials are covered, the Governments' estimates of their requirements are bulked.

3. In both cases, the requirements are discussed and checked by the Missions concerned, and referred to London and Washington for further consideration. Orders, or purchases are then placed or made "guided by directives on the world supply and shipping position, which the Missions or their counter-parts in the United Kingdom or the United States receive from time to time from the British and United States Government". Both the United Kingdom and the United States Governments have established a "Commodity Index" which is revised from time to time and gives the loading areas for various commodities.

4. As your despatch under reference indicates, both the United Kingdom and the United States are equally represented on the various Missions which consider the requirements of the countries in which Canada is interested, but Canada has no representation on these bodies. The exploratory conversations which have taken place have not proved very satisfactory or productive from the point of view of the possibility of securing recognition of Canada as a supplying country and/or the appointment of a Canadian representative on the various Missions. I have therefore come to the conclusion that if it is desired to pursue the subject further it can only be dealt with by a representation being made at the highest level as various considerations of policy are involved.

5. Dominions Office telegram D.No.352 of March 7th' reporting the views of Mr. Landis, United States representative on the M.E.S.C. on post-war development in the Middle East, deals with a long-range aspect of the problem and a Canadian comment on this telegram could very well introduce the subject dealt with in this despatch, particularly as recent press reports have indicated that supplies to the Middle East, etc. are to be the subject of an early discussion between Mr. Churchill and Mr. Roosevelt.

6. From the discussions which have taken place it would appear that the following points should be emphasized in any representations made:

(a) Recognition of Canada as a supplying country on an equal footing with the United States and the United Kingdom.

(b) Establishment of well defined channels by which Canada could be informed of the requirements of such areas as the Middle East, Turkey, North Africa and the British Colonies.

(c) That Canada be designated in the Commodity Index as a source of supply.

(d) The advantage of a Canadian Representative being appointed to the various Missions.

7. In the light of your despatch under reference I did not feel warranted in going beyond an exploration of the situation and if it is decided that formal representations on the subject should be made it will be necessary to give an indication of the merchandise Canada is in a position to supply in quantity to the centres where the various Missions are operating.

I have etc.

FREDERICK HUDD
for the High Commissioner

**165.** DEA/6250-40

*Le sous-secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Under-Secretary of State for External Affairs to High Commissioner in Great Britain*

DESPATCH 463 Ottawa, April 19, 1944

Sir,

I have the honour to refer to your despatch No. 456 of April 6 concerning the maintenance of Canadian trade connections with the Middle East, Turkey, North Africa and British Colonies. I agree with your view that this subject must now be dealt with by a representation at the highest level. I also agree that emphasis should be placed on the points mentioned in paragraph six of your despatch, particularly points (d) and (c).

2. While it is hardly practical at the present time to give a list of the merchandise which Canada is in a position to supply in quantity to the Supply Centers where the various Missions are operating, our experience in supplying agricultural implements to the Middle East may serve as an illustration of the difficulties with which we have to contend. It is our understanding that the agricultural authorities of each country in the Middle East compile a statement of essential requirements which are sent to Middle East Supply Centre in Cairo. This body in turn submits the statement of total requirements to the Combined Planning Authorities in London. The authority in question as far as agricultural implements are concerned is probably the Food and Farm Machinery Committee. This Committee, it is understood, prepares Combined Planning Sheets setting out the requirements of British Empire Countries, Protectorates, and the Middle East, and designates the sources of supply. The Planning Sheets for agricultural implements then go to the Farm and Food

Processing Machinery Committee of the Combined Production and Resources Board in Washington; if, however, Canada is not shown as a source of supply at this stage, nothing can be done to adjust the situation, as the Committee concerned deals with production facilities, raw materials, etc., but does not re-specify sources of supply, unless supplies are not available from the countries named in the Combined Planning Sheets. Thus it is obvious that Canadian interests must be protected when the combined planning is being done in London and it is there that Canadian representation is most urgently needed, although it would be desirable if Canada could be represented at the Middle East Supply Centre as well, and of course on similar bodies in other areas.

3. The Administrator of Farm Machinery reports that not a single agricultural implement was specified from Canadian industry for the Middle East in either 1943 or 1944. The Combined Planning Sheets for 1945 also disregard Canada entirely and unless very prompt action is taken, we will have no share in exports to that area, which may well result in the definite and permanent loss of those markets to the United Kingdom and the United States. Studies made respecting Canada's long term exports show that we provide about 27% of all farm implements (excluding tractors) exported from the North American Continent and this forms the basis of a strong argument for our participation in any market allocations which are made. An even more important consideration is that many types of agricultural implements specified for shipment to the Middle East are either entirely new to that area or were shipped previously in negligible quantities. If we do not protect Canadian trade interests now, it will be impossible to secure any share of the market in the post-war period, either for replacement parts or new units, as Canadian brands will be completely unknown. To stress the importance of our exports of agricultural implements and machinery, I would point out that a survey covering 25 years shows that about 45% of the value of our production goes to export markets.

4. It is also highly desirable that Canada should appear in the Commodity Index for Middle East countries. If we could have a representative with the Middle East Supply Centre or with some Committee working under that body he would be able to indicate to the authorities compiling the Index the items which Canada might reasonably be able to supply. He would, of course, be furnished with information as to Canada's productive capacity in items which might be in doubt, but even without any briefing, he would be able to inform the Middle East Supply Centre that Canada is a potential source of supply of newsprint, whereas the Commodity Index in its present form shows the United States as the only "loading area."

5. Canada should also be represented on the Committees responsible for compiling the Combined Planning Sheets in London. Before designating a representative we should have to be advised of the level of these Committees, but in any event the representative should have technical advisors who could, presumably, be secured in the United Kingdom from among the agents for Canadian exporters. In the case of agricultural implements, the Administrator

recommends that either Mr. G. H. Thomas or Mr. Lionel Harper, (both of Massey-Harris Company, Manchester), be named as technical advisor.

6. The question of representation will have to be decided before specific appointments can be considered. It might, however, be of use to you to know that we have in mind Mr. Richard Grew, Canadian Trade Commissioner in Cairo, as liaison officer to the Middle East Supply Centre or as a member of one of its Committees. In French North Africa Mr. Lamontagne, who has recently been appointed as Economic Advisor would be available. Mr. Grew might be able to serve as liaison officer to the British American Co-ordinating Committee concerned with Turkey, as his territory includes that country.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**166.** DEA/6250-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

DESPATCH A. 410 London, July 6, 1944

Sir,

I have the honour to refer to your despatch No. 463 of April 19th, 1944 concerning the maintenance of Canadian trade connections with the Middle East, Turkey, North Africa and the British Colonies.

I have been informed by the Secretary of State for Dominion Affairs that he hopes to make available a considered reply in the near future, as our official representations are now under active discussion.

In the meantime, I have been advised by the Turkish Sub-Committee in London that for some time past consideration has been given to a list of goods destined to Turkey which the Committee wish to control, both from the point of view of receiving recommendations from the Mission in Angora, and of allocating sources of supply. This list is not yet final but departments here have now suggested, tentatively, sources of supply for all the items on this list.

I am enclosing copies of the latest list which shows the proposed sources of supply.[1] I am informed by the Turkish Sub-Committee that these are purely tentative and are based mainly on the Middle East Commodity Index. On examining the enclosed list it will be found that Canada appears as the loading area for very few items accounted for by the fact that the Middle East Commodity Index does not, as yet, show Canada as a potential source of

supply for a large number of commodities which are available. The list is not final and is being submitted to the United States Authorites for consideration and the Turkish Sub-Committee assumes that any additions which Canada wishes to make will be taken up with the United States Authorities in Washington. To this assumption I have pointed out that the drawback to such a course is that usually the Authorities in Washington do not re-specify sources of supply and accept the recommendations from London. I have suggested that final action should be deferred until the matter has been considered by the Canadian authorities, and I am informed of the commodities for which Canada may be considered as a loading area. It is, however, possible that you may wish to discuss this list with Washington and defer action from this end so I would appreciate being advised of the course which you wish to be pursued.

I have etc.

VINCENT MASSEY

**167.** DEA/6250-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

DESPATCH 918 Ottawa, July 26, 1944

Sir,

In the matter of the Middle East Supply Centre, discussions were held here last week with Commander Jackson of the Centre the outcome of which is summarized in the attached copy of a letter dated July 24th, from the Department of Trade and Commerce to the Under-Secretary.

We feel that the working arrangements outlined therein are satisfactory, and bring to a successful conclusion your efforts and ours to improve our relationship with the Centre.

We will be glad to have any comments from you.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Le sous-ministre par intérim du Commerce*
*au sous-secrétaire d'État aux Affaires extérieures*

*Acting Deputy Minister of Trade and Commerce*
*to Under-Secretary of State for External Affairs*

Ottawa, July 24, 1944

*Att'n. Syd. Pierce, Esq.*

Dear Mr. Robertson,

I have purposely delayed acknowledging your letter of July 12,[1] with enclosed despatch No. A. 410 from the High Commissioner in the U.K. until we had had our meeting with Commander Jackson of the Middle East Supply Centre, Cairo.

As you know, Commander Jackson was in Ottawa on Friday, July 21, when we had a discussion with him regarding the supply of Canadian goods to the Middle East countries. Three principal facts developed from this meeting. The first and perhaps most important was that Cmdr. Jackson undertook to arrange for us to receive copies of the Middle East program of requirements as soon as they are made available to the U.K. and the U.S. These are to be forwarded to us through our Trade Commissioner in Cairo as well as through the Canadian Embassy in Washington.

Secondly, it was disclosed that inclusion on the Middle East Commodity Index can be readily arranged by notification by Canada to the Combined Boards in Washington and to the Middle East Supply Centre in Cairo, that Canada is a source of supply for specified commodities. Cmdr. Jackson further assured us that the act of providing a statement of goods which we can supply against the M.E.S.C. program will automatically have the effect of placing Canada on the Commodity Index for these items.

Finally, on the subject of Canadian representation on the M.E.S.C. Supplies Committee, Cmdr. Jackson explained that at present the Committee is composed of representatives of the U.K. and the U.S. and that if we pressed our claim to the point of gaining membership for Canada, it would mean the admission of the French and the Russians, as well as most other parts of the Empire. This would, in his opinion, make the Committee large and unwieldy and he hoped that his proposals to work in closer cooperation with our resident Trade Commissioner would now remove the difficulties of the past. We have accepted this on the assumption, of course, that we will receive copies of the M.E.S.C. requirement programs promptly.

As regards the Commodity Index for the Middle East and Turkey, I understand the Standing Committee of the External Trade Advisory Committee will be considering at its next meeting the commodities which should be recommended as being available from Canada. When this is completed, I shall see that it is transmitted to Washington and Cairo in

accordance with Commander Jackson's suggestion contained in paragraph 3 above.

Yours faithfully,
OLIVER MASTER

## PARTIE 5/PART 5
## MARINE MARCHANDE
## MERCHANT SHIPPING

**168.** DEA/7113-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 41 Ottawa, March 17, 1944

MOST SECRET. Your telegram Circular D. 303 of February 28th,[1] control of United Nations shipping after termination of hostilities with Germany.

Canadian Government concurs in your view that in general interest of United Nations it would be desirable to maintain central direction of shipping for such time as may be necessary to complete the war and tasks arising from it and that some broader organization is necessary to give smaller nations a voice in shipping control. The general procedure outlined appears to be satisfactory and we should be glad to be informed, in due course, of views of United States and U.S.S.R.

**169.** DEA/62-s

*Mémorandum du secrétaire adjoint du Cabinet*

*Memorandum by Assistant Secretary to the Cabinet*

SECRET [Ottawa,] April 15, 1944

PRIME MINISTERS' CONFERENCE, 1944[128]

*Agenda: Item 4 — Commonwealth Cooperation*

TRANSPORT; MERCHANT SHIPPING

*Canada's War and Immediate Postwar Position.*

Canada, before the war one of the lesser maritime powers, has built up a large merchant fleet and ship-building industry. At present the Canadian

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[128]Le Premier ministre était alors à Londres pour la réunion des premiers ministres. Voir aussi le document 764.
The Prime Minister was then in London for the Prime Ministers' Meeting. See also Document 764.

merchant navy consists of approximately 150 ocean-going vessels of 750,000 gross tons. In addition, the Canadian government holds title to more than 90 vessels, chiefly of the 10,000 ton class, which have been turned over under Mutual Aid to the United Kingdom. The shipbuilding programme in Canada is continuing and at the close of hostilities in Europe, the Canadian government will probably own about 300 ocean-going merchant vessels with a total tonnage of more than 2,000,000 tons gross register representing an overall investment of $500,000,000. If the shipbuilding programme is extended during the period of war against Japan, these figures will become even larger.

The U.K. and U.S. merchant fleets will be far greater than the Canadian. Nevertheless Canada will have achieved the position of the third merchant shipping nation in the world. The restoration of Norwegian, Dutch and Greek fleets may be expected but Canada will be in a position to remain one of the foremost shipping nations.

*Postwar Control of Shipping; U.K. Proposals.*

Control of merchant shipping during the war has been exercised by the U.K. and the U.S. through the Combined Shipping Adjustment Board. Time charter arrangements which made possible the control of the merchant navies of European nations will expire shortly after the end of the war in Europe and certain European governments have already shown a desire to play a part in the control hitherto exercised entirely by the U.S. and the U.K.

In view of these considerations, the U.K. has proposed to the U.S. (notifying the Commonwealth governments of this step) the establishment of an International Maritime Administration to plan the coordinated use of merchant shipping during the period following the termination of hostilities in Europe. The administration would consist of a council representing all the participating governments, and two small executive boards, one in Washington and one in London. Membership on the boards would be limited to those countries with a large amount of shipping to offer. The boards would be the real working agencies, would determine rates and with the consent of the country concerned, would allocate shipping services if such a scheme is adopted. Canada's position should be recognized by membership on one or both of the boards.

*Comments on U.K. Proposals.*

There are a number of points in the U.K. proposals which require clarification. The suggestion that U.K. ships be allocated to meet British Commonwealth requirements may imply treating the Commonwealth position more or less as a unit. A further corollary of this position, if the early history of the Combined Food Board is an example, may be that the proposed London board would be, among other things, a British Commonwealth board. This could scarcely be satisfactory to Canada which has been working very closely with and through the U.S. War Shipping Administration.

*Canadian Postwar Policy.*

There is a considerable body of informed opinion which believes that the Canadian war-built vessels should be operated under the Canadian flag after the war to serve the needs of the Canadian export trade which consists largely of bulk cargo well suited to these vessels. Particularly during the immediate postwar construction period demand for this shipping will be great. The retention of the Canadian merchant marine developed during the war might be in part at the expense of the British merchant marine. At the same time, considerations of security and of service to Canadian export interests would appear to justify its maintenance. Moreover, the prospects for increased postwar international trade are such that Canada should be able to maintain her merchant marine without seriously injuring the shipping position of other nations, including the U.K., particularly during the immediate postwar rehabiliation period and if the terms of the Atlantic Charter are carried out, subsequently as well.

Canadian costs of construction and operation are likely to be somewhat higher that those of the U.K. and European nations. This factor should prevent the Canadian merchant marine from ever reaching an excessive size which would injure the foreign exchange receipts gained by other countries from shipping services. At the same time, it is recognized that Canada would not be likely to come out well from an international subsidy race in the shipping field. There are signs that the U.S. may embark upon an extensive subsidy policy. U.K. shipping interests, however, appear to be strongly opposed to subsidies.

*Problems.*

The international problems in the merchant shipping field of particular interest to Canada are briefly:

1. *Broadening of international machinery for supervision of shipping.*

This should include adequate recognition of the size of the Canadian merchant marine.

2. *Establishment of an effective system of long-term international cooperation in respect of merchant shipping.*

This should cover control of rates, policy to be followed with regard to the disposal of the large war-built merchant fleets of the U.S., the U.K. and Canada, and the necessity for rehabilitation of the leading prewar European merchant navies.

3. *The policy to be followed with regard to the disposal of merchant vessels which Canada has made available to the U.K. under Mutual Aid.*

These may include almost one-third of the Canadian-owned merchant vessels. The Merchant Shipping Policy Committee proposes to recommend that as soon as circumstances permit, there be some readjustment with regard to the position of these vessels, and that they either be sold to the U.K. or that U.K. earnings on these vessels be made available to Canada.

J. R. BALDWIN

**170.** PCO

*Mémorandum du ministère des Transports au Commité de guerre du Cabinet*

*Memorandum by Department of Transport to Cabinet War Committee*

SECRET [Ottawa, July 11, 1944]

U.K.-U.S. PROPOSALS FOR INTERNATIONAL CONTROL OF MERCHANT SHIPPING AFTER CONCLUSION OF HOSTILITIES IN EUROPE

The Committee on Merchant Shipping Policy submits the following statement and recommendations with reference to proposals advanced by the U.K. and the U.S. for international control of merchant shipping after the conclusion of hostilities in Europe:

I. *Wartime Control of Shipping.*

Since the beginning of the war control over British merchant shipping has been exercised by the British Ministry of War Transport. The U.S., after entering the war, established a similar agency, the War Shipping Administration. Coordination between these two organizations has been achieved by setting up the Combined Shipping Adjustment Boards composed solely of U.K. and U.S. representatives in London and Washington. The Canadian Shipping Board, set up in December 1939, exercises similar control of Canadian registered vessels. It is entirely independent of the British Ministry of War Transport, the War Shipping Administration and the Combined Shipping Adjustment Boards but has closely cooperated with these three agencies since their inception.

II. *Terms of U.K. Proposals.*

The United Kingdom has informed Canada that it is proposed to hold an international conference in London to discuss the establishment of an International Maritime Administration to coordinate the use of merchant shipping during the period immediately following the termination of hostilities in Europe.

The United Kingdom plan provides that the supply of shipping for essential military and civilian requirements would be the common responsibility of the United Nations. Each nation would retain considerable control over its own shipping, directing tonnage to serve its own immediate needs, including shipping for coastal and short trades and for "the import requirements of territories for which its government has special shipping responsibilities." If there were insufficient tonnage for these needs, application would be made to the international body for more vessels; on the other hand, any excess tonnage would be placed at the disposal of the international body. Each nation would establish or maintain the controls needed to carry out the decisions of the international body.

The administrative agencies proposed would consist of a Council representing all the participating governments, and two small Executive Boards, one in

Washington and one in London. Membership on the Boards would be limited to those countries with a large amount of shipping to offer. Neutral nations would be invited to undertake control of shipping in their territories by adopting measures on the lines of U.K. and U.S. Ship Warrant schemes. Enemy tonnage would be controlled through the authorities administering surrender terms.

The U.S. has requested and the U.K. has agreed that machinery of requisitioning as distinct from control of voyages by direction or license be employed and that the controls be effective until six months after the conclusion of the war with Japan. Agreement has also been reached upon a number of general principles to be proposed jointly by the U.K. and U.S. to other maritime nations.[129] (See Annex A' hereto).

III. *The need for international controls.*

After the conclusion of hostilities in Europe, control of shipping will still be essential to facilitate prosecution of the war against Japan, to supply forces of occupation, to repatriate demobilized troops, and meet relief and rehabilitation needs. Controls are also desirable to facilitate an equitable and orderly transition from wartime to peacetime conditions in the shipping industry.

It will not be practicable to meet these needs merely by extending existing controls in their present form. For example, six months after the end of hostilities with Germany the time charters of vessels of certain of the European maritime nations will expire and it is expected that the governments concerned will then demand a greater voice in international shipping control.

IV. *Implications of the U.K. proposals.*

Participation by Canada in the U.K.-U.S. scheme would terminate the voluntary cooperation which Canada has maintained with the British Ministry of War Transport and the War Shipping Administration and involve instead the formal acceptance of a number of obligations. Moreover, although only the broad principles of the plan have been outlined, the following features require careful consideration from a Canadian point of view.

(i) *Effective Period of Controls.*

The original U.K. provision that controls be effective for "such time as may be necessary to complete the war and the tasks arising from it" would be preferable to the U.S. stipulation that they be continued until six months after the end of the war with Japan. It would be advisable, since the U.K. has accepted this stipulation, to assent to it on condition that Canada's vital export and import shipping requirements are assured of consideration as favourable as that accorded to any other country.

(ii) *Canadian representation upon the Council and Boards.*

From the communications received from the U.K. it is not clear whether Canada would be given representation on one of the Executive Boards which it

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[129]Voir États-Unis,/See United States, Foreign Relations of the United States, 1944, Volume II. Washington, U.S. Government Printing Office, 1967, pp. 652-655.

is proposed to establish. If these were to consist only of U.K. and U.S. representatives, Canada might easily find herself at a disadvantage. Accordingly, it is desirable that Canada request membership upon one of these Boards.

V. *Recommendations.*

The shipping problems involved in the U.K.-U.S. plan come primarily within the purview of The Canadian Shipping Board which has made certain recommendations in all of which the Committee on Merchant Shipping Policy concurs, more particularly:

(i) That the U.K.-U.S. proposals for the establishment of an international maritime authority to exercise control of all shipping for a period of six months after the conclusion of hostilities in the Far East be approved in principle.

(ii) That the invitation to attend the conference be accepted.

(iii) (a) That in view of the fact the decisions which will be arrived at by the conference may be of considerable importance to Canadian Merchant Shipping, particularly to our Canadian Government owned fleet, and that the British Government has appointed Lord Leathers, British Minister of War Transport, to be head of their delegation, it is desirable that Canada be strongly represented at the conference, possibly with a Minister of the Crown as head of the delegation, and with the Chairman of the Shipping Board as one of the delegates.

(b) That the delegation be provided with qualified assistants competent to advise on the specialized questions which will arise.

(iv) That the U.K. Government be informed:

(a) That the Canadian government would be reluctant to impose general requisitioning but assumes that its present control will be recognized by the other governments concerned as being equivalent to or stronger than control by requisition because practically all Canadian tonnage is government-owned and the remainder is under the close direction and control of the Canadian Shipping Board.

(b) That the Canadian government would be prepared to accept the U.S. stipulation that controls be continued until six months after the end of the war with Japan if satisfactory agreements are reached elsewhere in the scheme whereby Canada's vital export and import shipping requirements are assured of consideration in all respects equal to that of other countries.[130]

C. P. EDWARDS

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[130]Ce rapport fut approuvé par le Comité de guerre du Cabinet le 12 juillet 1944.
This report was approved by Cabinet War Committee on July 12, 1944.

**171.** DEA/7113-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1424 Ottawa, July 15, 1944

Canadian Government has accepted invitation to be represented at a meeting to be held in London on July 19th with a view to reaching agreement upon measures for the control of merchant shipping after the termination of hostilities in Europe. Lord Leathers will be United Kingdom representative and I hope you will be able to represent the Canadian Government. Alternate Canadian delegate will be A. L. W. MacCallum, Chairman of the Canadian Shipping Board, with A. L. Lawes, Shipping Board Representative in Washington and B. A. Macdonald, Secretary of the Shipping Board as technical advisers. I hope Langley can act as Secretary of the Delegation.

As we received very inadequate notice of the date set for the meeting, it will not be possible to have the members of the Delegation who will be coming from Canada present for the opening session. They are however leaving by air on Thursday, July 20th, and should arrive in London on Friday. In the circumstances it will obviously not be possible to arrange for pre-conference consultations between the United Kingdom and Canadian Delegations which the United Kingdom Government suggested through their High Commissioner here.

**172.** DEA/7113-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1437 Ottawa, July 18, 1944

1. Reference our telegram No. 1424 of July 15 regarding Allied Merchant Shipping Conference. We would be prepared to agree in general to the principles stated in paragraphs 1 to 6 inclusive, and paragraphs 8 and 9 of the memorandum of joint proposals from the U.K. and U.S. Governments dated May 31st, subject to our assumption that paragraph 2 does not require the Government of Canada to alter its existing method of control which, in effect, is equivalent to requisitioning, since most of the ships involved are owned by the Canadian Government.

2. With reference to paragraph 7, we anticipate no great difficulty in agreeing to the measures outlined but would prefer to make no commitment until more details are made known in the course of the Conference. With particular reference to the proposed Central Authority we would not favour

representation on the Executive Board or Boards mentioned in Dominions Office telegram D. 303 of February 28th[1] being confined to the United Kingdom and the United States. As the result of wartime ship-building Canada has a substantial claim to membership, although we would not wish to press this to the point of claiming precedence over such countries as Norway.

**173.** DEA/7113-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1883 London, July 26, 1944

MOST IMMEDIATE. 1. Inter-Allied Conference on Shipping Control. Reference your telegrams No. 1437 of July 18th and No. 1478 of July 21st.[1] After its first meeting held at Foreign Office, Conference went into full Committee. In a series of meetings, and with the aid of a number of amendments not having great importance, the committee has now reached general acceptance of the Memorandum of Principles with the exception of clauses 2 and 7c on which we and the Netherlands, respectively, have reserved our acceptance.

2. The visiting Canadian delegation has had lengthy discussions regarding clause 2 with United Kingdom and United States delegations. As indicated in my telegram No. 1815 of July 20th,[1] the latter accept our contention that vessels owned by the Canadian Government need not be requisitioned under this clause, but they urge strongly that the few privately owned ocean-going Canadian vessels, which might form part of the United Nations shipping pool, be requisitioned, as otherwise a loophole would be left for other nations such as Poland and, furthermore, it would be difficult to include Sweden effectively later.

3. United States delegates especially are pressing that Canada agree to clause 2 as drafted, contending that unless we accept this proviso the success of the entire Agreement will be prejudiced. All other nations represented here have already accepted this clause as essential to effective control. MacCallum and technical advisers, whilst of opinion that Canada's participation in Agreement could be effective without actual requisition of the few privately owned Canadian vessels which will be involved, consider it would be unwise to imperil Agreement by continuing to stand out and recommend that clause 2 be accepted on the basis that the Canadian Government will effect technical requisition of such privately owned ocean-going vessels which may come within the scope of the Agreement. Such vessels would be very few in number. Please telegraph as early as possible if this modification of your original instructions is approved.

4. With regard to the Executive Board, it is now proposed that there shall be only one Board with two branches in London and Washington, respectively, the

two branches to meet at fairly frequent intervals, say at least every three months with the Council meeting at least twice a year. The necessity of confining the Executive Board to very few members has been strongly reiterated. Decision as to membership of the Board is reserved to the next Conference meeting but, in informal discussions between MacCallum and United Kingdom and United States delegations, the two latter have indicated that Norway and the Netherlands will be included, making a Board membership of four.

5. As an offset to this restricted membership, the idea is emerging that the other countries personally represented here will be given associate membership with, in practice, the position of a full member whenever action affecting their ships is to be taken by the Board.

6. Whilst proposing to seize any favourable opportunity of pressing for full Board membership when the question rises formally at the next Conference meeting, the visiting delegation feel that the compromise proposal of associate membership will adequately protect Canadian shipping interests and recommend that, if necessary to ensure the success of the Conference as a whole, we be authorized to agree to it. As the next meeting of the Conference will probably be held within the next few days, we would appreciate receiving your views on this point as early as possible.

7. At the Committee meeting yesterday, both the United Kingdom and United States delegations stressed again the desirability of keeping the Council on Ministerial level.

**174.** DEA/7113-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1509 Ottawa, July 26, 1944

Your telegram No. 1883 of July 26th. Shipping Control.

1. Canadian Government is prepared to undertake to requisition privately owned ocean-going Canadian vessels coming within scope of Agreement.

2. We should endeavour to obtain Canadian membership on the Executive Board but should not press our request to the point of prejudicing the success of the Conference.

3. In view of the progress of the war it seems to us not unlikely that Sweden and perhaps other neutral countries might welcome an opportunity of associating themselves with the proposed shipping arrangements. It would be appreciated if you could bring this suggestion to the attention of the Conference.

**175.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

SECRET [Ottawa,] August 3, 1944

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INTERNATIONAL MERCHANT SHIPPING;
LONDON MEETING

14. THE SECRETARY reported that agreement had been reached in London on principles to govern the continuance of co-ordinated control of merchant shipping and for the organization of a central authority for that purpose.

This agreement, which had been accepted by the Canadian representatives, was generally in accordance with the report of the Advisory Committee on Merchant Shipping Policy which the War Committee had approved on July the 12th.[131] Copies of the draft agreement' had been circulated.

Under the agreement, a central authority consisting of a council composed of all the United Nations and an executive board with two branches, one in London and one in Washington, would be established. The authority would operate from the suspension of hostilities with Germany, until six months after the end of hostilities in Europe or the Near East, whichever might be later. It was understood that the executive board would be composed of representatives of the United Kingdom, the United States, Norway and the Netherlands. Certain other nations directly concerned, including Canada, would be granted associate membership with rights of consultation and attendance when matters of concern to them were under consideration. Decisions of the Board affecting the ships under the authority of any contracting government would be reached only with the consent of that government. Control of ships would be exercised by requisitioning for use or title.

(Telegram No. 1924, Canadian High Commissioner, London, to External Affairs, July 28, 1944 — C.W.C. document No. 833).'

15. THE WAR COMMITTEE, after discussion, approved the proposed agreement and authorized signature thereof by Canadian representatives on behalf of the government.

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[131] Voir le document 170./See Document 170.

**176.** DEA/7113-40

*Rapport de la délégation canadienne à la conférence de Londres sur le contrôle de la marine marchande*

*Report of Canadian Delegation to London Conference on Shipping Control*

CONFIDENTIAL [London, c. August 5, 1944]

*Agreement on Principles having Reference to the Continuance of Co-ordinated Control of Merchant Shipping*

1. We have the honour to submit herewith a copy of the "AGREEMENT ON PRINCIPLES HAVING REFERENCE TO THE CONTINUANCE OF CO-ORDINATED CONTROL OF MERCHANT SHIPPING," signed in London on Saturday, August 5th, 1944, by the duly authorized representatives of *Belgium, Canada, Greece, Netherlands, Norway, Poland, United Kingdom,* and *United States.*[132]

2. *Governments Participating.*

It will be noted that the countries which took part in the Conference were those of the *United Nations* which have contributed appreciable merchant ship tonnage to the war effort and which have been parties, in one way or another, to the existing arrangements for the provision of ships for the needs of the United Nations. Representatives of the *French National Committee of Liberation* participated throughout in the Conference, which opened on July 19th and concluded on August 5th, but they did not sign the final Agreement for reasons which are given in Paragraph 10 below.

3. *Governments Informed.*

*Russia* did not participate because one of the principal aims of the Conference was to ensure adequate shipping for the war against *Japan.* However, *Russia,* the *other British Dominions,* and *Brazil* have been informed of the Agreement. *Sweden* is to be invited at an early date to accede to the Agreement. The *Free Danish Government* in London was represented at the last meeting by an observer.

4. *Period of the Agreement.*

The Agreement is essentially a wartime agreement. It is to come into operation "upon the general suspension of hostilities with *Germany*" and is to terminate "six months after the general suspension of hostilities in *Europe or the Far East,*" whichever may be the later "unless it is unanimously agreed among the governments represented on the duly authorized body of the central authority that any or all of the agreed principles may be terminated or modified earlier." In short, the Agreement is intended to cover roughly the last phase of the war between the defeat of Germany and the defeat of Japan.

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[132]Voir Canada, Recueil des traités, 1944, N° 28.
See Canada, Treaty Series, 1944, No. 28.

It is clear, however, that the Agreement and the machinery created under it could provide a useful basis for post-war cooperation in the international merchant shipping field.

5. *Purpose of the Agreement.*

The broad purpose of the Agreement is set forth in its first clause:

"The contracting Governments declare that they accept as a common responsibility the provision of shipping for all military and other tasks necessary for, and arising out of, the completion of the war in Europe and the Far East, and for the supplying of all the liberated areas as well as of the United Nations generally and territories under their authority."

Behind this general statement lies:

(a) The desire of the *United Kingdom Government*, and more especially of the *United States Government*, to ensure that the merchant shipping of smaller allied countries (some of whom, like *Norway*, are not at war with *Japan*) should not be left free to turn to normal business whilst that of the two major powers continue to bear the burden of the war against *Japan*,

(b) A desire on the part of certain of the European allies, such as the *Netherlands*, *Belgium* and the *French National Committee of Liberation* that the shipping resources of the United Nations be available to carry the relief and rehabilitation supplies which they will need so badly for some time after their liberation and, moreover, that such shipping be available at freight rates which are subject to some control.

(c) A general desire to avoid the highly disturbed or even chaotic conditions which might arise in the shipping field if existing shipping controls were suddenly relaxed during the transition period when hostilities will have been suspended in *Europe* but will be continuing in the *Far East*.

6. *The Central Authority: (a) The United Maritime Council. (b) The United Maritime Executive Board.*

To implement the Agreement and more specifically "in order that the allocation of all ships under United Nations control may continue to be effectively determined to meet the requirements of the United Nations," a central authority is to be established. As noted in the Annex, this central authority is to consist of (a) the United Maritime Council, and (b) the United Maritime Executive Board.

Each contracting government is to be represented on the Council and "membership on the Council shall also be open to all other governments whether of the *United Nations* or of *neutral countries* which desire to accede and are prepared to accept the obligations of contracting governments."

The *United Maritime Executive Board* is to be established with two branches, one in London and one in Washington, under the chairmanship of the *British Ministry of War Transport* and the *United States War Shipping Administration* respectively. It is to exercise the executive functions of the Council. Its membership is to be restricted to representatives of the Governments of the *United Kingdom, United States, Netherlands, and Norway*, although "it shall be open to the members of the Executive Board to

recommend to contracting governments additions to the membership of the Executive Board as circumstances may require."

7. *Position of Canada.*

(a) In accordance with its terms of reference (as contained in Telegram No. 1437 from External to Dominions dated July 18th),[133] the Canadian delegation indicated readiness to accept in general the draft principles set forth initially subject to reservations regarding Clause 2 relating to *requisitioning* and Clause 7 relating to the *central authority and its powers.*

(b) *Requisitioning.* We had protracted informal discussions on this point with the *United Kingdom* and *United States delegations.* Both accepted our contention that *vessels owned by the Canadian Government* need not be requisitioned under Clause 2 but they strongly urged that any *privately-owned ocean-going Canadian vessels* which might form part of the United Nations shipping pool should be requisitioned as otherwise a loophole would be left which would make difficult the effective inclusion later of certain neutrals, more especially *Sweden.* The *United States delegates* especially pressed for Canada to agree to Clause 2 as drafted, contending that, unless we accepted it, the success of the entire Agreement would be prejudiced. As all other nations represented, including *Poland* and *Norway*, who had originally shared our objections, finally accepted the clause as essential to effective control, we agreed to accept it also on the understanding that the Canadian Government need effect technical requisition only of such privately-owned ocean-going vessels as may come directly within the scope of the Agreement. In effect, this means that only those privately-owned Canadian vessels which engage in deep sea operations need be requisitioned. As far as can be judged at present, the *Canadian Shipping Board* feels that nearly all privately-owned Canadian vessels can be effectively employed in Canadian coastal and near shore trades (e.g. to Newfoundland) and so remain outside the pool and therefore left unrequisitioned. In all probability only a few sea-going tankers will require to be dealt with by some form of technical requisition.

(c) *Membership on the Maritime Executive Board.*

It was agreed at an early stage in the proceedings that the membership of the Executive Board be left for decision by the full conference at a later stage. However, from informal conferences with the *United Kingdom* and *United States delegations* we learned that:

(i) it was contemplated (as we had expected) that the Executive Board should consist of the *United Kingdom* and *United States* because of the outstanding shipping tonnage they control and of *Norway* because of the relatively great tonnage contributed by her and the extremely vital importance of merchant shipping to her national economy, and that

(ii) it was also contemplated that the *Netherlands* should be a member, because of her relatively large tonnage contribution and because of her

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[133]Document 172.

interests in the Far East where the last phase of the war is expected to centre, and that,

(iii) for *Canada* to press for membership would jeopardize the success of the Conference since it would create a suspicion in certain quarters of the *United States* that "the British" had two seats to one American and, moreover, would make it impossible to refuse a seat to *France* which, if granted, might lead to a demand from *Greece* and possibly from other countries for equal treatment.

In short, it was clear to us that nothing would be gained by pressing this point, providing Canada's interests were otherwise protected. Accordingly, when the question came up for decision and after obtaining approval from Ottawa, we supported the proposal (which was formally put forward by *Belgium*) that, in view of the necessity of confining the *Executive Board* to very few members, it be composed of the four countries named above.

By way of compensation, we urged that each contracting Government not *permanently* represented on the *Executive Board* should be represented by an *associate member* instead of by a liaison officer as originally proposed whenever matters affecting ships under the authority of that government or matters affecting the supply of ships for territories under the authority of that government were being considered. Our final acceptance was made conditional upon an addition to the wording of *Clause 8 of the Annex* to provide that associate members, when such matters were being considered, "*be entitled to attend meetings of*" the Executive Board. As originally worded, this clause provided merely that the liaison officers "*be consulted by*" the Executive Board.

8. *Degree of Control.*

Another major point to which we devoted particular attention was the definition of "*essential*" as used in the third line of *Clause 3* and towards the end of *Clause 7(b)* of the Agreement, and the definition of "*territories for which it has special shipping responsibilities*" as used at the end of *Clause 7(b)*. It was agreed that the words in question would be interpreted to mean that the central authority would consider all cargoes included in programmes approved by the appropriate national supply authorities to be essential. We feel that this interpretation leaves the *Canadian Shipping Board* in a position to protect adequately Canada's vital shipping interests.

9. *Ship Warrant Schemes.*

With regard to this point (*Clause 5* of the Agreement), it was agreed that it would be unnecessary for each participating government to introduce a separate ship warrant scheme and, moreover, that it would be undesirable for a consolidated international ship warrant scheme to be attempted since this would involve the almost impossible task of producing a document which would comply with the Maritime law of every subscribing country. It was specifically agreed that *Canada's Ships' Privilege License System* would require no alteration.

10. *Position of France.*

As noted above, representatives of the *French National Committee of Liberation* participated in all the proceedings of the Conference and accepted the final Agreement on Principles *with the exception of Clause 7 of the Annex*. The French delegation were unable to obtain authority from Algiers to sign the final agreement *unless France were given full membership on the Executive Board*. The final signing of the Agreement was twice postponed to give the French delegates an opportunity of obtaining the necessary authority and the leader of the French delegation flew to Algiers in an effort to obtain authority but had to return without it. It will be open to *France* to join the Agreement later, although her joining will then be regarded as an entirely new accession.

11. *Accession of Other Governments: Sweden and Brazil.*

As stated in Clause 2 of the Annex, membership of the Council shall be "open to all other governments whether of the *United Nations* or of *neutral* countries which desire to accede and are prepared to accept the obligations of contracting governments." However, as implied in Clause 4 of the Agreement, it is countries "having under their control ships in excess of the tonnage required to carry their essential import requirements," which are in mind. *Sweden* is the only important such country. It is understood that *Sweden* and also *Brazil* will be approached by the *United Kingdom* and *United States* governments. Undoubtedly *Russia* would be welcomed whenever she feels in a position to join. There was no disposition to encourage the accession of "consumer" countries, although the wording of Clause 2 of the Annex would leave the door open to them.

12. *Terms of Remuneration.*

Considerable discussion, initiated chiefly by the *Norwegian* delegation, centred around *Clause 7(f)* of the Agreement. The *Norwegian* delegates tried unsuccessfully to have the words "commercial" and "taking into account increased costs" inserted in this clause. The *French* delegation, on the other hand, stressed the need of preventing rises in freight rates which would increase the landed cost of relief and rehabilitation supplies. It was finally agreed that all details on this point be left initially to the *Planning Committee* and thereafter to the *Executive Board*.

13. *Currencies.*

The *Norwegian* delegation also raised the question of currencies in which remuneration for ship use would be paid. Their chief delegate stated that his understanding was that remuneration would be fixed in relation to the prices which all governments would have to pay for their supplies and that it would be paid in currencies which governments could use to pay for such supplies. The *Chairman* (Lord Leathers) immediately stated that this was a matter for the *Planning Committee* but he wished to make it perfectly clear that the Conference could not give any assurance as to the currencies in which remuneration would be paid.

14. *Relation to Relief and Rehabilitation Programmes.*

The importance which all the *European representatives* attached to the relation of the shipping arrangements to those for relief and rehabilitation was very marked. They stressed the desperate plight in which their countries would be after the suspension of European hostilities and the prime responsibility of their governments to alleviate that plight. Certain representatives, notably the *Belgian, French*, and *Norwegian*, emphasized the desire of their governments for a voice in the programming of supplies for their countries.

The *United Kingdom* and *United States* delegations took the view, which we supported and which was finally accepted unanimously, that the United Maritime Council and Executive Board as a shipping agency should confine itself to shipping and could not concern itself directly with the formulation of supply programmes: these would have to come, on the military side, from the Allied military authorities, and on the civilian side, from the appropriate authorities such as the *Combined Boards, U.N.R.R.A.*, etc.

15. *The Planning Committee.*

Clause 12 of the Annex provides that a Planning Committee shall be set up to begin work in London as soon as possible to work out the details of the machinery required to enable the Executive Board to discharge its functions.

Each delegation was asked to nominate one expert to this Committee. As the *Canadian Shipping Board* had no expert available who could be left in London, it was agreed that *Mr. J. A. Langley, Canadian Government Trade Commissioner* there, should represent Canada on the Committee. It is possible that part of the Committee's work may be carried on in Washington. If this proves to be the case, the *Canadian Shipping Board's Washington representative, Mr. A. L. Lawes*, will be available.

16. *Nature of the Commitment.*

At one stage of the proceedings the principal Norwegian delegate said that, whilst he understood that the Agreement would be valid as soon as signed, he must make a formal reservation that the Storting would have the right to affirm or denounce the Agreement. Both the *United Kingdom* and *United States* delegations took exception to this and emphasized their hope that no reservations would be attached to any signature to the Agreement. In the end, the principal Norwegian delegate signed the Agreement without reservation on the understanding that his point be formally recorded in the Minutes of the meetings. The *Chairman* said that, in this respect, *Norway* was in much the same position as other governments which would necessarily have to bring the Agreement to the notice of their legislatures in due course.

17. *Publicity.*

Attached hereto is a copy of the *press statement*[1] formally agreed upon by the Conference for release on Wednesday, August 9th.

It was decided by the Conference that the Agreement itself should not be made public and that no other statement concerning it should be issued publicly until an agreed later date but that, in the meantime, the Governments

concerned might advise interested parties in their own countries *in confidence* of the details of the Agreement.

18. *Representatives on the Council and the Executive Board.*

It remains for each government to nominate its representative on the United Maritime Council which "shall meet when deemed necessary and at least twice each year at such places as may be convenient."

It also remains for each government to nominate its representative as member or as associate member of the Executive Board. It may be desirable for Canada to appoint alternate representatives to be available to attend, respectively, meetings of the London and Washington branches of the Executive Board.

19. *Conclusion.*

All representatives at the Conference expressed gratification at its success and concurred in the view expressed by one of the United Kingdom representatives that what had been done was right and proper. There was clearly a general feeling that the Conference marked another opportunity for international co-operation successfully seized. The failure of the French delegation to obtain authority was unanimously deplored but, as noted in the Press statement, "All French shipping is and remains at the disposal of the United Nations." This wording was approved by the French representatives. And the way remains open, of course, for France to accede to the Agreement at a later date.

20. As authorized in your telegram No. 1424 of July 15th to Dominion, the Canadian delegation as a whole to the Conference consisted of the following:

Representative: Right Hon. Vincent Massey, P.C., High Commissioner to the United Kingdom of Great Britain and Ireland.

Representative Alternate: A. L. W. MacCallum, O.B.E., Chairman, Canadian Shipping Board.

Technical Adviser: A. L. Lawes, Esq., Representative of the Canadian Shipping Board in Washington.

Adviser: J. A. Langley, Esq., Canadian Government Trade Commissioner, London.

Technical Adviser and Secretary of the Delegation: B. A. Macdonald, Esq., Secretary, Canadian Shipping Board.

Respectfully submitted,

VINCENT MASSEY

**177.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

SECRET [Ottawa,] September 27, 1944

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INTERNATIONAL SHIPPING; LONDON MEETING; DELEGATION'S REPORT

9. THE SECRETARY, referring to discussion at the meeting of August 3rd, submitted a report of the Advisory Committee on Merchant Shipping Policy.

The report stated that the agreement reached in London made adequate provision for the coordinated control of merchant shipping in the period immediately following the conclusion of hostilities in Europe. The Committee concurred in the report of the Canadian delegates.

Some doubt had existed as to the position of ships built for other nations, and clarification on this point had been sought and received from the British Ministry of War Transport and the U.S. Maritime Commission. In general, it appeared that there could be no objection, provided that such shipbuilding did not interfere with the overall war effort and that ships constructed were employed in conformity with the purposes of the United Nations.

Copies of the Committee's report had been circulated.

(Committee's report, Sept. 25, 1944, and attached documents — C.W.C. document 866).†

10. MR. HEENEY pointed out that the new arrangements would require the appointment of a Canadian member to the United Maritime Council and an associate member to the United Maritime Executive, to be set up under the new "Agreement on Principles."

The Shipping Board suggested that Mr. A. L. W. MacCallum be appointed associate member of the Executive Board with Mr. A. L. Lawes as his technical adviser. The member of the Council would require to be at Ministerial level.

11. THE WAR COMMITTEE, after discussion, noted with approval the report of the Advisory Committee on Merchant Shipping Policy and approved the appointment of Mr. MacCallum and Mr. Lawes, deferring appointment of a representative to the Council pending receipt of a report,† now under preparation by the Advisory Committee, on administrative machinery in Canada.[134]

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[134]Le ministre du Commerce, James A. MacKinnon, fut nommé au Conseil en vertu du Décret N° C.P. 8220 en date du 27 octobre 1944.†
The Minister of Trade and Commerce, James A. MacKinnon, was appointed to the Council by Order-in-Council P.C. 8220, October 27, 1944.†

**178.** DEA/7113-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au deuxième secrétaire, le haut commissariat en Grande-Bretagne*

*Under-Secretary of State for External Affairs*
*to Second Secretary, High Commission in Great Britain*

Ottawa, February 22, 1945

Dear Mr. Holmes,

I am referring to your letter of February 15th,[1] concerning the possibility of a proposal for France being accorded full membership of the Executive Board of the United Maritime Council coming before the meeting of the Board which is to be held in London on March 7th. If, as I assume, the admission of France to full membership would be contingent on the immediate accession of France to the Agreement on Principles, the Canadian Government would be willing to support the proposal. From the standpoint of large experience in shipping normally engaged in international trade, France is well qualified for membership and if France's qualification is weaker in respect of her contribution of ships for the common war purpose, the reason is that much of her shipping was seized by the enemy and some was requisitioned by the Allies and subsequently lost. In the view of the Canadian Government, it would be highly inexpedient to rebuff the claim which France is said to have advanced to be accorded full membership of the Executive Board.

Yours sincerely,

N. A. ROBERTSON

**179.** DEA/7113-40

*Le président, la Commission canadienne de la marine marchande,*
*au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Chairman, Canadian Shipping Board,*
*to Acting Under-Secretary of State for External Affairs*

Montreal, May 11, 1945

You will recall that two weeks ago Mr. Angus and I discussed with you the question of Canadian concurrence in the Resolutions made at the last meeting of the United Maritime Executive Board regarding transfer of registry of merchant ships to countries not party to the inter-allied agreements for control of shipping. (A copy of these Resolutions is attached hereto as annex "A".)[1] These Resolutions were made at the meeting of the United Maritime Executive Board held in London on March 7th, 8th and 9th, 1945, and were then concurred in by all the contracting governments with the exception of Canada which reserved its position until the matter could be discussed here.

Our reservation was based upon the fact that, if adopted, the Resolutions would impose hardship upon several Canadian shipowners who own and desire to sell, with transfer to the flags of non-contracting governments, a few old

coasting vessels and canalers. These ships can no longer be operated in the Canadian trades in which they have been employed without expensive reconditioning or repairs which would not be economically justified from the owners' standpoint. Neither the British Ministry of War Transport, the War Shipping Administration, Washington, nor any other Government signatory to the "Agreement" has signified any desire to acquire these old ships. The ships are, therefore, a liability to their owners unless they can be sold to purchasers in countries that have not yet acceded to the "Agreement on Principles." The Resolutions, however, would prohibit such sales without the concurrence of the United Maritime Executive Board, and United Maritime Executive Board may refuse concurrence on grounds that such transfers are contrary to the spirit of the Agreement on Principles.

Despite the effect which the adoption of the Resolutions would have upon Canadian shipowners, however, the Canadian Shipping Board felt that it would be undesirable from both a Canadian and international point of view to continue to withhold concurrence. The amount of Canadian tonnage affected is relatively small, and Canadian non-concurrence would invalidate the concurrence already given by all other contracting governments. Moreover it is felt that non-cooperation by Canada in this matter would affect adversely our position as an Associate Member of the United Maritime Executive Board.

Accordingly two recommendations to Council were prepared (copies are attached hereto as appendices "B" and "C" to this letter).† The first of these recommendations provided for Canadian concurrence in the Resolutions; the second for approval in principle of the requisitioning and scrapping by the Canadian Government of a limited number of the old surplus vessels affected by the Resolutions, and of the payment of suitable compensation to their owners. However, the Vice-Chairman of the Board, in a discussion with Dr. W. C. Clark, has found that the Department of Finance does not approve of the principle involved in payment of such compensation, and presumably this recommendation to Council may be considered unacceptable to the government.

In any event the Board feels strongly that the first recommendation providing for Canadian concurrence in the Resolutions should be submitted to the government, and proposes, if it is approved, to send to the Secretariat of the United Maritime Executive Board, a communication (as per attached draft, Appendix "D")† stating that Canada concurs in the Resolutions effective March 9th, 1945, the date upon which the Resolutions were submitted to a meeting of the United Maritime Executive Board.

I should be grateful, therefore, if you would submit the attached recommendation for Canadian concurrence in the Resolutions to the Secretary of State for External Affairs for consideration. You will note that the recommendation already bears the concurring signature of the Honourable the Minister of

Trade & Commerce, who is the Representative of Canada on the United Maritime Council.

Very truly yours,
A. L. W. MacCallum

**180.** DEA/7113-40

*Décret en Conseil*
*Order in Council*

P.C. 3595 Ottawa, 17 May, 1945

The Committee of the Privy Council have had before them a report dated 14th May, 1945, from the Acting Secretary of State for External Affairs,[1] stating:

That Canada was represented at the second meeting of the United Maritime Executive Board held in London on March 7th, 8th and 9th, 1945, by the Representative of the Canadian Shipping Board in Washington;

That Resolutions entitled "Resolutions Regarding Transfer of Registry of Merchant Ships to Countries not Party to the Inter-Allied Agreements for Control of Shipping" (attached hereto as "Annex A")[1] were presented at the meeting and, with the exception of Canada, which reserved its position, were concurred in by all the Governments which have acceded to the "AGREEMENT ON PRINCIPLES," under which the United Maritime Authority and United Maritime Executive Board were established;

That it is desirable that Canada concur in the Resolutions in order that they may be given the unanimous approval of the contracting governments which is required to make them effective; and

That it is also desirable to stipulate that Canadian concurrence in the Resolutions will not affect commitments incurred before the submission of the Resolutions to the meeting of the United Maritime Executive Board held on March 9th, 1945, for the construction or delivery by Canada of a small number of ships to countries which have not acceded to the "AGREEMENT ON PRINCIPLES"

The Committee, therefore, on the recommendation of the Acting Secretary of State for External Affairs, concurred in by the Acting Minister of Trade and Commerce advise that authority be given for the despatch of a communication to the Secretariat of the United Maritime Executive Board stating that Canada concurs in the Resolutions on the understanding that commitments incurred by Canada prior to the Submission of the Resolutions on March 9th, 1945, will not be prejudiced.

A. D. P. Heeney
Clerk of the Privy Council

**181.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] September 28, 1945

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INTERNATIONAL CONTROL OF POSTWAR SHIPPING

3. THE MINISTER OF TRADE AND COMMERCE submitted a memorandum, copies of which had been circulated.

Consideration was likely to be given at an early date by the United Maritime Council to revision or termination of the present international agreement for the pooling and control of merchant shipping. A substantial amount of cargo shipping would probably have to be withdrawn in order to avoid over-supply and destructive competition.

Consideration had been given to the attitude which Canada should adopt and it was recommended that, in any preliminary discussions, the Canadian representative on the United Maritime Executive Board be authorized to state that Canada would be prepared to make a contribution to an international scheme of rationalization, provided suitable and equitable basis of contribution by all could be worked out. In this connection, it was suggested that Canada might confine her postwar tonnage to the 1½ million tons (deadweight) now operated by Canadian owners and dispose of the remaining one million.

It was also recommended that early consideration be given to the recommendations prepared by the Interdepartmental Committee on Merchant Shipping Policy, at the direction of the Cabinet War Committee, with respect to the establishment of a single shipping authority in Canada (C.W.C. Documents 870 and 919, Sept. 27, 1944, Jan. 5, 1945).[1]

(Memorandum, Minister of Trade and Commerce, undated — Cabinet Document 67.)[2]

4. THE CABINET, after discussion, agreed:

(a) that the Canadian representative on the United Maritime Executive Board be authorized, in preliminary discussions, to take the position recommended by the Minister with respect to Canadian participation in any scheme for continued control of international shipping; and

(b) that the problem of establishing a single Canadian maritime shipping authority be referred for consideration and report to a special Cabinet committee composed of the Ministers directly concerned (Transport, Trade and Commerce, Reconstruction and National Defence for Naval Services).

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**182.** DMS/Vol. 142

*Mémorandum du président, la Commission canadienne de la marine marchande, au ministre du Commerce*

*Memorandum by Chairman, Canadian Shipping Board, to Minister of Trade and Commerce*

Montreal, November 18, 1945

With the recent cessation of hostilities in the Far East, a sudden change has taken place in the international shipping picture in so far as cargo-carrying merchant ships are concerned. Prior to October, 1945, all Canadian ocean vessels, largely "Park" ships, had no difficulty in loading full cargoes at Canadian ports for the United Kingdom, Australasia, South Africa, India and the Mediterranean Area, as all our available ocean-going vessel tonnage was integrated into the U.M.A. programme to these areas, merchant ships being still at a premium. The close of the war with Japan, however, resulted in a surplus of cargo ships for all purposes, and at the United Maritime Executive Board meetings, held in Washington on October 8th and 10th, the discussions of shipping problems stressed the fact that a change from an overall scarcity to an overall surplus in vessel tonnage had taken place.

At the U.M.E.B. meeting, as reported in my letter of October 13th to the Hon. the Minister of Trade & Commerce, Admiral Land, Administrator of the War Shipping Administration in Washington, announced that it was the intention of the United States Government to withdraw from international trade approximately 2,000 vessels, with a total deadweight tonnage of between 20 and 25 million tons. These vessels will probably be Standard "Liberty"-type ships built in the United States during the war.

Prior to the opening of the U.M.E.B. meetings in Washington in October, the Canadian Shipping Board received information from the Ministry of War Transport, London, that the British Treasury had instructed the Ministry to curtail its use of "dollar-cost" vessels in the movement of cargoes from North America into the United Kingdom, and into other sterling areas. At that time, the Ministry of War Transport in London stated they could only use about eight "Park" ships in October from the East Coast of Canada to the United Kingdom whereas the Board had allocated 18 "Park" ships for the purpose; subsequently, the Board was able to arrange to use some of the "Park" ships thus made surplus in October in the movement of cargoes to North Africa and the Mediterranean Area.

During our meetings in Washington, the Board's Representatives had discussions with Sir Cyril Hurcomb, Director-General, Ministry of War Transport, London, and with his assistants, on the continued use of "Park" vessels between Canada and sterling areas. These officials of the Ministry stated quite frankly that the United Kingdom had to use British ships, or other ships that would accept sterling freights, in the carriage of goods from Canada and the United States to Britain and to other countries, because the British Treasury could not afford to expend dollars on freights on Canadian vessels

carrying Canadian materials to Europe, Australia, India, etc. The Ministry officials, indeed, suggested that Canada might well follow the example set by the United States by withdrawing a certain number of "Park" vessels from service, as these were gradually becoming surplus to world requirements. The attitude of the United Kingdom, and doubtless of other European maritime countries such as Norway, Netherlands, etc., appears to be that any reduction in world tonnage should be made by lay-up on the part of the countries that built war-time ships, such as U.S. "Libertys" and the Canadian "Parks," and that the European countries which were still deficient in shipping should employ their ships to the utmost in moving cargoes from North America.

Subsequent to the U.M.E.B. meetings in Washington, Sir Cyril Hurcomb and his assistants came to Ottawa to meet the Hon. Mr. Howe, Minister of Reconstruction, for the purpose of discussing the continued use, by the United Kingdom of 92 "Fort" vessels (Canadian-built) which the United Kingdom has had on Mutual Aid during the war, and at the same time discussing the extent to which the Ministry might continue to integrate "Park" vessels, on a dollar-cost basis in the movement of cargoes from Canada to the sterling area. After a meeting with Mr. Barker, General Manager of the Park Steamship, and myself, the Ministry officials agreed, as a minimum, to the following employment of "Park" ships into sterling areas; between now and the end of February 1946:

| | |
|---|---|
| From East Coast Canada to the U.K. | — 8 ships per month |
| From East Coast Canada to India | — 1 ship per month |
| From East Coast Canada to South Africa | — 1 ship per month |
| From East Coast Canada to Australia/N.Z. | — 1/2 1 ship per month |
| From East Coast Canada to the Mediterranean Area | — 6 ships per month |
| From Pacific Coast to the U.K. | — 6 ships per month |
| From Pacific Coast to South Africa | — 1 ship per month |
| From Pacific Coast to Australia/ | — 1 ship per month |
| From Pacific Coast to China | — 1 ship per month |
| | 25½/26 |

It has been estimated by the Board and the Park Steamship Company that these monthly allocations of "Park" ships will require the use of 90 "Park" vessels during the period December to February, although strikes abroad and port delays may mean that it will take more than 90 vessels to perform this monthly programme. The total number of "Park" 10,000-tonners now operating is 110, so that between now and the end of the U.M.A. period (March 2nd next) there is a possibility that "Park" vessels will not find full employment in carrying materials from Canada to areas abroad unless this minimum quota per month is increased, or we can use spare vessels in moving goods to South America.

I should like to emphasize that the situation above outlined has developed because of the directive of the British Treasury in the matter of avoiding the use of dollar-freight vessels — American or Canadian — into so-called sterling areas.

In these circumstances, if the present size of the Park Canadian-flag fleet (110 dry-cargo ships of 10,000 tons deadweight each, 23 dry-cargo ships of 4,700 tons deadweight each, 12 converted tankers of approximately 10,000 tons deadweight each, 5 small tankers of 3,600 tons deadweight each) is to be maintained in full employment after the U.M.A. period, some way must be found to enable this fleet of Canadian-flag vessels to earn dollar freights in the carriage of cargoes from Canada into the so-called sterling area.

An early decision should therefore be reached as to the size of the Canadian-flag fleet of ocean-going vessels which the Canadian Government desires to operate in international trade in the post-war period, in order that steps be taken promptly to endeavour to protect such fleet in competitive international trade; alternatively, consideration should be given to the disposal, by sale, bareboat charter or lay-up of any ships deemed surplus.

The Board recommends that a Government decision on the following be reached:

(1) The size of the ocean-going merchant fleet which Canada desires to maintain after the U.M.A. period. The present fleet operating under the Canadian flag, consisting of all "Park" ships and a small amount of privately-owned vessel tonnage, is approximately 1,500,000 tons deadweight.

(2) If a fleet of the size mentioned in (1) is considered too large, having in view Canada's interest in selling its products abroad, an estimate of surplus ships should now be made, with a view to the possible disposal of such surplus by sale, bareboat charter, or lay-up.

(3) If a fleet of the size mentioned in (1) is considered reasonable as Canada's quota of vessel tonnage in post-war international trade, steps might be taken, at least as a temporary measure, to endeavour to effect some arrangement with countries that are securing credits from Canada whereby such countries will use a proportion of these credits in the payment of dollar freights to Canadian vessels engaged in transporting Canadian materials to the countries in question.

A. L. W. MacCallum

**183.** DMS/Vol. 142

*Procès-verbal d'une réunion du Comité interministériel concernant la marine marchande*

*Minutes of Meeting of Interdepartmental Committee on Merchant Shipping Policy*

CONFIDENTIAL [Ottawa,] December 24, 1945

The first meeting of the Interdepartmental Committee on Merchant Shipping Policy established by the Cabinet Committee on Reconstruction on

December 13, 1945, was held in the office of the Acting Deputy Minister of Finance, December 21, 1945, at 2.30 p.m.

Present:

V. W. Scully, (Chairman), Deputy Minister of Reconstruction,
Dr. W. A. Mackintosh, Acting Deputy Minister of Finance,
M. W. Mackenzie, Deputy Minister of Trade and Commerce,
A. L. W. MacCallum, Chairman, Canadian Shipping Board,
Commander C. P. Edwards, Deputy Minister of Transport.
M. McClung, (Secretary), Privy Council Office.

Also Present:

Captain E. S. Brand, Director of Naval Intelligence & Trade.
M. W. Sharp, Department of Finance.

I. DISPOSITION OF PARK STEAMSHIPS

1. THE CHAIRMAN referred to the Secretary's Note and two memoranda attached thereto (copies of which had already been circulated) the first from the Chairman of the Canadian Shipping Board to the Minister of Trade and Commerce; and the second, a summary of decisions on merchant shipping policy taken by the previous Interdepartmental Committee on Merchant Shipping Policy.

(Secretary's Note, December 19, 1945;† Memorandum to the Minister of Trade and Commerce from the Chairman, Canadian Shipping Board, November 16, 1945, ICMSP Document No. 1; and Merchant Shipping Policy, December 19, 1945, ICMSP Document No. 2).†

2. MR. SCULLY stated that the terms of reference given to the Committee by the Cabinet Committee on Reconstruction appeared to cover two main problems:

(1) Employment of Park ships between now and the end of the United Maritime agreement next March 2nd.

(2) The size and composition of a permanent Canadian-flag Merchant Marine and desirability of establishing a Canadian Maritime Commission.

3. THE CHAIRMAN OF THE CANADIAN SHIPPING BOARD stated that the first of these problems arose when the United Kingdom government in October informed the Canadian Shipping Board that the United Kingdom would permit only about eight Park ships during that month to operate from the east coast of Canada to the United Kingdom as a part of the general United Kingdom policy of conserving sterling exchange. An agreement was reached whereby 25-26 Park ships would be allowed to operate monthly into sterling area between now and the end of the United Maritime agreement next March 2nd. This would give employment to about ninety Park vessels during the period December 1945 to the end of February 1946. It had, therefore, become necessary to find other employment for the surplus Park vessels, roughly twenty in number, to provide for their disposition by sale or charter to private operators, Canadian or foreign, or to tie them up.

4. MR. SCULLY felt that the government preferred to sell the vessels to private operators who would maintain them under the Canadian flag or alternatively to charter them on a bare boat basis. Government-ownership was to be considered as a last resource.

5. THE ACTING DEPUTY MINISTER OF FINANCE felt a suitable formula for depreciation allowances could be worked out in consultation with the deputy Minister of National Revenue (Taxation), offering terms as favourable as those of the United Kingdom to its shipping operators.

As for the prospects of operating the vessels with reasonable earnings DR. MACKINTOSH felt that arrangements could be arrived at with the United Kingdom by which sterling earnings could be converted into dollars for a certain number of ships but that real difficulty might arise in finding cargoes for Canadian vessels to carry into the sterling area.

Since there seemed to be general agreement that the tonnage required for a Canadian merchant marine, however owned and operated, would fall far short of the present holdings of one and one-half million tons, sale of the vessels should be made to all comers, that is, Canadian buyers and foreign buyers alike, provided the terms of sale were acceptable to the government.

6. THE COMMITTEE after considerable discussion noted these suggestions and agreed that the Acting Deputy Minister of Finance and the Deputy Minister of National Revenue (Taxation), should have prepared a formula for depreciation allowances, bearing in mind the desirability of expediting sale of Park steamships to all buyers between now and March 2, 1946, and that thereafter the situation could again be reviewed.

II. LONG TERM POLICY; MARITIME COMMISSION

7. THE DEPUTY MINISTER OF TRADE AND COMMERCE stated that while it was desirable to continue with disposal between now and March 2nd, it was necessary to arrive at some estimate of the size of a Canadian merchant marine which it was in the interests of the government to have under the Canadian flag.

From a trade promotion point of view it was important that the government should have at its disposal a certain number of ships of suitable type and size which it could either allocate or contract for operation along certain trade routes of particular importance to Canada. These routes included certain parts of the sterling area such as the Dominions and British West Indies, but for purposes of calculation at this time should exclude the United Kingdom.

8. MR. MACCALLUM stated that such a calculation could be made and submitted as an illustration, an estimate of the dollar earnings necessary to maintain 100 Park ships on existing routes which revealed that after making all payments necessary for operation within the sterling area they had to earn approximately $57,000,000 a year.

9. MR. SCULLY was of the opinion that, since the trade promotion problem required close coordination of both private operations and government services to the Canadian merchant marine, the successful operation of the merchant

marine, whatever size might be decided upon, would require the establishment of a single controlling authority.

10. THE COMMITTEE after considerable further discussion agreed:

(i) that Mr. MacCallum undertake to have prepared a statement setting forth the minimum size of a Canadian merchant marine required in the national interest, which calculation would take account of such factors as the 300,000 tons deadweight now operated by private owners; the tonnage required for profitable operation in the western hemisphere and to the sister dominions, but exclusive of the United Kingdom trade, and a tonnage to be determined which would allow for emergency need and other contingencies;

(ii) that a Canadian maritime authority should be established and that its form and functions should be the subject of discussion at a subsequent meeting.

(iii) that the Director of Naval Intelligence and Trade should forward to the Secretary copies of a memorandum† setting forth some of the considerations which might be borne in mind in the establishment of such a commission, which would be circulated to those members of the Committee who had not previously seen it.

III. NEXT MEETING.

11. THE COMMITTEE after discussion agreed that the next meeting should be held as soon as possible after Mr. MacCallum had forwarded to the Secretary his estimate as outlined in paragraph 10 above.

The meeting adjourned at 4.30 p.m.

M. MCCLUNG

## CHAPITRE III/CHAPTER III

# AVIATION CIVILE
# CIVIL AVIATION

### PARTIE 1/PART 1

### NÉGOCIATIONS BILATÉRALES, INTERNATIONALES ET AU SEIN DU COMMONWEALTH
### BILATERAL, COMMONWEALTH AND INTERNATIONAL NEGOTIATIONS

**184.** PCO

*Rapport du Comité interministériel sur la politique du transport aérien au Comité de guerre du Cabinet*

*Report from Interdepartmental Committee on Air Transport Policy to Cabinet War Committee*

[Ottawa, January 14, 1944]

1. The Commonwealth meeting on air transport policy held in London in October, 1943, approved of a report on an international convention and a report on security. The War Committee agreed that these reports provided a very useful basis for discussions with other nations.[1] On the basis of these two reports the interdepartmental Committee has prepared the attached draft of an international air transport convention establishing an International Air Transport authority, giving it a constitution and endowing it with powers. The draft convention is preceded by a three-page summary.

2. The Interdepartmental Committee wishes to draw particular attention to the provisions of Section 2 of Article II of the convention, under which each member state undertakes to give four "freedoms of the air" to the international air services operating under the provisions of the convention:

(1) The right of innocent passage,

(2) The right to land for non-traffic purposes (e.g. refuelling, repair, emergency),

(3) The right to discharge passengers, mails and freight embarked in the territory of the state or states whose nationality the aircraft possesses, and

(4) The right to take on passengers, mails and freight destined for the territory of the state or states whose nationality the aircraft possesses.

These are the four freedoms agreed to at the London meeting.

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[1]Voir le volume 9, documents 644, 651, 654.
See Volume 9, Documents 644, 651, 654.

3. There are two possible additional freedoms which the Committee felt should not be granted under the international convention though states could grant them to each other's air carriers under bilateral reciprocal agreements:

(5) The right to convey passengers, mails and freight between the territory of two states neither being the state whose nationality the aircraft possesses.

(6) The right to convey passengers, mails and freight between two points in the territory of any one state not being the state whose nationality the aircraft possesses.

4. The representative of the Post Office on the Committee proposed that the references to mail in the third and fourth freedoms be deleted and a fifth freedom be added to the convention:

"The right to convey international mails between any regular points of call."

The Committee, however, was not convinced of the wisdom or the necessity of this proposal.

5. It is possible that the United States may favour the inclusion of only the first two freedoms. The Committee is of the opinion that the Canadian representatives in international discussions should make every effort to secure the inclusion of all four since the grant of only the first two would deprive Canada of the valuable bargaining strength which she at present possesses because of the importance of air transit rights over Canada without giving her comparable advantages in return.

6. So far as questions affecting world security are concerned the International Air Transport Authority is made subject to the international security organization which is to be set up by the United Nations. This is in accordance with the recommendation of the London meeting and with previous reports from the Interdepartmental Committee to the War Committee.[2]

7. From its studies over the past year and a half the Committee has become convinced of the importance of the decision which the United Nations must make during the next year or so on the postwar organization of air transport. The decision may be a key one. An enlightened settlement will constitute a model for the settlement of other difficult international problems. It will mean that the United Nations have gone a long way to establishing a lasting peace and a new world order of security. Failure to reach an enlighted settlement would prejudice the establishment of an effective world security organization and would thereby greatly increase the chances of another world war in the foreseeable future. The Committee believes that a settlement along the lines set forth in the attached convention meets the requirements laid down by the Prime Minister last April[3] in that it would "serve not only the immediate national interests of Canada but also our overriding interest in the establishment of an international order which will prevent the outbreak of another world war."

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[2]*Ibid*, documents 630, 641, 653.
*Ibid*, Documents 630, 641, 653.

[3]Le 2 avril 1943. Canada, Chambre des communes, Débats, 1943, volume II, pp. 1814-6.
April 2, 1943. Canada, House of Commons, Debates, 1943, Volume II, pp. 1776-8.

8. Because Canada is an important air power — important both in war and in peace — Canada is in a position to influence considerably the framing of the coming international settlement of air transport policy. Canada should, therefore, be prepared to play a leading role in efforts to achieve an enlightened settlement.

9. The Interdepartmental Committee recommends that the attached draft convention be approved as a tentative and provisional statement of Canadian policy. In the event that the War Committee accepts this recommendation the question will arise of the use to which the draft convention should be put. Clearly it should be given to the Canadian representatives in future international conferences for their guidance. The Canadian representatives at future conferences might be instructed to present it at the conference as either a tentative and provisional statement of the policy of the Canadian government or as tentative draft proposals of Canadian experts, the Canadian government not being committed to the principles or details of the scheme. If circumstances indicate the desirability of the step, the convention might also be circulated in advance of the forthcoming international discussions to the other governments principally concerned.

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

PCO

*Projet de convention*
*Draft Convention*

SECRET

A TENTATIVE AND PRELIMINARY DRAFT OF AN INTERNATIONAL AIR TRANSPORT CONVENTION

OTTAWA January 8, 1944

CONTENTS

SUMMARY

PREAMBLE

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II Obligations of member states
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It is assumed that an overriding treaty of peace will determine the obligations and rights of the defeated powers under this convention.

## DRAFT INTERNATIONAL AIR TRANSPORT CONVENTION

### SUMMARY

1. The convention establishes an International Air Transport Authority, gives it a constitution and endows it with powers. The Authority has the normal structure of an international organization: an Assembly representing all the member states and a small executive committee which is called a Board of Directors. In each region a Regional Council is set up to deal with matters of regional concern.

2. The Authority is charged with the duty of planning and fostering the organization of international air services so as

(a) to make the most effective contribution to the establishment and maintenance of a permanent system of general security,

(b) to meet the needs of the peoples of the world for efficient and economical air transport, and

(c) to ensure that, so far as possible, international air routes and services are divided fairly and equitably between the various member states.

3. The convention is an agreement between states and is not concerned with such domestic questions as whether the international air services of the various member states should be government-owned or privately-owned or whether a state should have more than one government-owned or privately-owned airline company engaged in international air transport. These are matters of domestic policy which each individual member state decides for itself. They are, therefore, outside the scope of the international convention.

4. The number of votes which each member state can cast in the International Air Transport Assembly varies from one to six depending on its importance in international air transport. The Board of twelve members, which is elected by the Assembly, must include at least one national of each of the eight member states of chief importance in international air transport.

5. A company wishing to operate an international air service makes application first to its own government. The government, if it approves of the application, forwards it to the appropriate Regional Council. The Regional Council holds formal hearings on the application before deciding whether the applicant should receive a license and, if so, under what conditions.

6. The Regional Council has power to issue a license entitling a company not only to

(a) freedom of air transit over the airways of all the member states of the region but also to

(b) the right to land at airports in the region for refuelling, repairs and in emergency;

(c) the right to carry passengers, mails and cargo from the home state to any other member state, and;

(d) the right to bring back passengers, mails and cargo to the home state from any other member state.

7. A state which considers that a decision by a Regional Council is unfair has the right to appeal to the Board of Directors and the Board can set aside or modify the decision.

8. The application for a license from an airline which wishes to operate a service passing over territory under the jurisdiction of two or more Regional Councils does not go to all the Regional Councils concerned but goes to the Board.

9. The Authority, acting through either the Board or a Regional Council is given power to determine frequencies of service on each route, to allocate quotas between the various member states and to determine rates of carriage for passengers and cargo.

10. On questions affecting world security the International Air Transport Authority is made subject to the international security organization which is to be set up by the United Nations. That organization may, in the interests of world security, order the International Air Transport Board to withdraw, suspend or modify a license, take certain measures concerning technical services, operating facilities and bases or set up one or more operating organizations to operate the air services on certain routes or in certain regions.

11. Two or more member states may decide that the best way of operating all or some of the air services between them is not by rival companies each carrying a national flag but by a joint organization. The member states are not prevented from establishing such joint operating organizations. Indeed the Board or a Regional Council may recommend to the member states concerned that they pool the air services on certain routes or in certain regions or constitute joint operating organizations to perform certain air services. A state has the right to participate in a joint operating organization either through its government or through an airline company or companies designated by its government. The companies may, at the sole discretion of the state concerned, be state-owned or partly state-owned or privately-owned.

12. Services between two contiguous states, such as Canada and the United States, are excepted from the provisions of the convention and are left to be dealt with by agreements between the two states concerned. Contiguous states may, however, by mutual consent, give the International Air Transport Authority jurisdiction over the services between them.

13. Airlines between a state and its colonies, possessions, protectorates, mandates or territory abroad or between different colonies etcetera of the same state are subject to the provisions of the convention if the route passes through the air space of another state. This means that a state cannot reserve all its colonial services to its own airline companies.

14. In order that the air regulations throughout the world should be as uniform as possible, an agreed set of regulations will be drawn up by the International Air Transport Assembly and brought into force by each member state. These regulations will cover such matters as air safety, rules of the air, competency of air crew, ground signals, meteorological procedure, navigational aids, communications, airworthiness, national registration and identification of aircraft, carriage of dangerous goods and salvage.

15. The aircraft licensed by the Board or the Regional Councils will be assured wherever they go in the world of being able to use adequate airports and other ground facilities on payment of reasonable fees and charges. Member states may elect to bear all or a portion of the costs of constructing and maintaining the necessary facilities. If a member state does not so elect, the costs are advanced by the Board and borne by the Board or apportioned among states using the facilities. The Board may require, in return for advancement of costs, a reasonable share in the supervision of the construction work and in the control of the airports and other facilities. If a member state so requests the Board may itself provide, man and maintain any or all the airports and other facilities which it requires on the territory of that state and may impose reasonable fees and charges for their use.

16. The expenses of the International Air Transport Authority will be borne by the member states in proportion to the number of votes at their disposal in the Assembly, provided that those expenses of a Regional Air Transport Council which are properly chargeable to the states participating in that Council, will be borne by those states.

17. Some time will be required after the coming into force of the convention before the International Air Transport Authority is in full working order. The Assembly must meet, the Board must be elected, the Regional Councils constituted, their rules of procedure agreed upon. Certain temporary arrangements are therefore contemplated to cover the initial period of existence of the Authority. The convention does not terminate the rights of companies now engaged in international air transport. These companies are given two years to secure licenses from the Authority. Furthermore, airline companies designated in a schedule to the convention are deemed to possess licenses issued by the Authority to operate routes designated in the schedule and these licenses remain valid until modified or withdrawn by the Board or the competent Regional Council.

PREAMBLE

The governments signatory hereto agree to the establishment of an International Air Transport Authority.

## ARTICLE I

### THE AUTHORITY

*Section 1*

An authority is hereby established to be known as the International Air Transport Authority and to consist of an Assembly, a Board of Directors, Regional Air Transport Councils and such other units as may be created pursuant to the provisions of this convention.

*Section 2*

The Authority shall plan and foster the organization of international air services so as

(a) to make the most effective contribution to the establishment and maintenance of a permanent system of general security.

(b) to meet the needs of the peoples of the world for efficient and economical air transport, and

(c) to ensure that, so far as possible, international air routes and services are divided fairly and equitably between the various member states.

*Section 3*

The Authority shall have exclusive jurisdiction, pursuant to the provisions of this convention, over international air services other than services between two contiguous member states, provided that any two contiguous member states may agree that services between them shall come under the exclusive jurisdiction of the Authority. When such an agreement has been notified by both states to the Board, and until such agreement has been terminated, the Authority shall have exclusive jurisdiction, pursuant to the provisions of this convention, over the services between the two states.

## ARTICLE II

### OBLIGATIONS OF MEMBER STATES

*Section 1*

Each member state recognizes that every state has complete exclusive sovereignty over the air space above its territory.

*Section 2*

Each member state undertakes to give the following freedoms of the air to the international air services operating under the provisions of this convention to the extent allowed by the license issued to the services:

(1) The right of innocent passage,

(2) The right to land for non-traffic purposes (e.g. refuelling, repair, emergency),

(3) The right to discharge passengers, mails and freight embarked in the territory of the state or states whose nationality the aircraft possesses, and

(4) The right to take on passengers, mails and freight destined for the territory of the state or states whose nationality the aircraft possesses.

*Section 3*

Each member state may

(a) designate the route to be followed within its territory by any international air service and the air ports which any international air service may use, and

(b) impose or permit to be imposed on any international air service just and reasonable charges for the use of the air ports and other facilities on its territory, which shall not be higher than would be paid by national aircraft engaged in comparable international services,

provided that, upon complaint by an interested air carrier through the government or governments of which it is a national, the designation of routes and use of air ports, and the charges imposed for the use of air ports and other facilities shall be subject to review by the licensing authority.

*Section 4*

Each member state undertakes to make available such radio frequencies and to provide such meteorological services as may from time to time be required by the licensing authority for the safety, efficiency and regularity of the air services licensed by it.

*Section 5*

Each member state undertakes to perform the obligations imposed on it by this convention and to enact legislation necessary to carry out its terms including

(a) legislation to ensure that no air carrier may operate international air services unless that carrier is in possession of a valid license authorizing such services, issued under the provisions of Article VI of this convention, and

(b) legislation to bring its national laws into conformity with the regulations approved by the Assembly under the provisions of sub-section 5 of section 2 of Article III of this convention. This action shall be taken within the period of one year from the date of approval by the Assembly or, if it is impossible owing to exceptional circumstances to do so within the period of one year, then at the earliest practicable moment and in no case later than eighteen months from the date of approval by the Assembly.

*Section 6*

Each member state undertakes to permit the operation within its territory of operating organizations constituted under the provisions of section 3 of Article IX of this convention, provided that permission to an operating organization to engage in domestic air transport within its territory shall be in the discretion of the state.

## ARTICLE III

## THE ASSEMBLY

*Section 1*

The International Air Transport Assembly shall be composed of representatives of the member states. Each state shall be entitled to the number of votes (one to six) in the Assembly provided in the Annex to this convention and may appoint as many representatives to the Assembly as it has votes and may replace them from time to time. Each state may cast all of the votes allotted to it regardless of the number of its representatives present at any meeting. Decisions of the Assembly shall be taken by a majority of the votes cast except where otherwise provided in this convention. There shall be deemed to be a quorum if the representatives present can cast one-half of the possible votes.

*Section 2*

The duties of the Assembly shall be:

(1) To elect the International Air Transport Board.

(2) To elect the President of the Board. The President shall hold office for a period of six years.

(3) To meet from time to time as occasion may require and at least once a year.

(4) To examine and approve the annual report of the Board, and to decide any matter referred to it by the Board.

(5) To draw up and maintain regulations governing such matters as air safety, rules of the air, competency of air crew, ground signals, meteorological procedure, navigational aids, communications, airworthiness, national registration and identification of aircraft, carriage of dangerous goods, salvage.

(6) To make regulations governing the preparation of budgets and financial statements by the Board and to approve the annual budget and the financial arrangements made by the Board.

*Section 3*

The Assembly shall have power:

(1) To determine its rules of procedure.

(2) To fix the salaries of the President and the other members of the Board.

(3) To refer to subsidiary commissions, the Board or any other appropriate agency any matter within the sphere of its jurisdiction.

(4) To deal with any matter within the sphere of action of the International Air Transport Authority not specifically assigned to the Board or the Regional Councils.

## ARTICLE IV

## THE BOARD

*Section 1*

The International Air Transport Board shall be elected by the International Air Transport Assembly. The Board shall be a permanent body responsible to the Assembly and composed of twelve members in additon to the President. They shall not be members of the Assembly. They shall hold office for a period of six years. Two members of the Board shall retire annually and in rotation but shall be eligible for re-election. The Assembly shall have the right to dismiss any member of the Board at any time. In the event of the dismissal or death of a Member of the Board, the Assembly shall elect a successor who shall hold office for the unexpired portion of his predecessor's term of office. The Board shall include at least one national of each of the eight member states of chief importance in international air transport.

*Section 2*

The duties of the Board shall be:

(1) To constitute, subject to the approval of the Assembly, the following Regional Air Transport Councils: for example, European, North Atlantic, North Pacific, Inter-American . . . In constituting a Regional Council the Board shall designate as participating states those member states which are principally concerned in the international airlines of the region. The Board shall also define the boundaries of the region or designate the routes over which the Regional Council shall have jurisdiction. The Board may from time to time revise the lists of participating states and alter the boundaries of the regions or change the designations of the routes.

(2) To decide, subject to the approval of the Assembly, the method of appointment, the salaries and conditions of service of its employees, including those members of the Regional Councils who are appointed by the Board.

(3) To establish the rules of procedure of subsidiary commissions and of Regional Councils.

(4) To administer, subject to the approval of the Assembly, the finances of the International Air Transport Authority.

(5) To grant licenses over routes coming within the jurisdiction of two or more Regional Councils or of no Regional Council; and in these cases to exercise the duties of a Regional Council.

(6) To conduct research into all aspects of air transport which are of international concern, to make the results of its research known to all the member states and to facilitate the exchange of information on air transport matters between the member states.

*Section 3*

The Board shall have power:

(1) To revoke or alter, after public notice or hearing, any decision of a Regional Air Transport Council including any decision to grant, withhold, alter, amend, modify, revoke or suspend a license and any decision determining frequencies of service, allocation of quotas, or rates of carriage.

(2) To carry out the provisions of Article VII of this convention (Airports and other ground facilities.)

(3) To establish, subject to the approval of the Assembly, subsidiary commissions responsible to it.

(4) To institute such training facilities for its employees as it may consider necessary.

*Section 4*

Decisions of the Board shall be taken by a majority of the votes cast. One-half the members of the Board shall form a quorum. The President shall have a casting vote. The Board shall determine its rules of procedure but the place of its permanent seat shall be decided by the Assembly.

ARTICLE V

REGIONAL COUNCILS

*Section 1*

A Regional Air Transport Council shall be composed of not less than six nor more than nine members. One-third of the members shall be appointed by the International Air Transport Board and hold office at the pleasure of the Board; they shall possess special knowledge of the problems of air transport and shall be nationals of states other than those which are designated by the Board as being principally concerned in the international airlines of the region. The other members shall be appointed by the designated states. The number of members to be appointed by each of the designated states shall be, from time to time, determined by the Board, having regard to the relative importance to each state of the international air transport services under the Regional Council's jurisdiction and to the relative importance of each state in air transport. The members appointed by designated states shall hold office at the pleasure of the government appointing them.

*Section 2*

Decisions of a Regional Council shall be taken by a majority of the votes cast. One-half the members of a Council shall form a quorum.

*Section 3*

Each Regional Council shall appoint a Managing Director who shall hold office for a period of four years.

*Section 4*

The duties of a Regional Council shall be:

(1) To grant licenses to operate international air services within the region; to withhold licenses; to attach to the exercise of the privileges granted by a license such reasonable terms, conditions and limitations as the public interest may require and as are consistent with the terms of this convention; to alter, amend, modify or suspend any license, in whole or in part, or revoke any license, in whole or in part, for deliberate failure to comply with any provision of this convention or of any order, rule or regulation issued under this convention or any term, condition or limitation of the license.

(2) To determine rates of carriage for passengers and cargo, having regard, among other things, to standards of speed and of accommodation, and to consult with the postal administrations regarding rates of carriage for mail.

(3) To collect and publish information and cost statistics relating to the operation of international air services within the region.

*Section 5*

If the airline companies of more than one state are operating on a route a Regional Council shall have power to determine frequencies of service on the route and to allocate quotas.[4]

ARTICLE VI

LICENSES

*Section 1*

(1) Applications for licenses can be submitted only by governments of member states. An application by a person or corporation shall be submitted through the intermediary of the govenment of the member state of which the person or corporation is a national.

(2) An application shall normally be made to the competent Regional Air Transport Council. If the application, however, is for a service which falls within the jurisdiction of two or more Regional Councils or of no Regional Council, the application shall be made to the International Air Transport Board which may refer it to one or more Regional Councils for their opinion.

*Section 2*

(1) The Board or a Regional Council shall not grant, renew, alter, amend, modify, suspend or revoke a license except after reasonable notice to all member states in the region or regions concerned and after a formal hearing at which all these member states shall have the right to be heard except in case of

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[4]La note suivante était dans l'original:
The following footnote was in the original:
The term "frequencies of service" means the number of trips on the route per day or per week. The term "quotas" means the number of trips which the airline companies of any one member state may operate on the route.

emergency or under the provisions of Article IX of this convention (Relationship to the International Security Organization).

(2) The Board or a Regional Council shall not grant a license unless it is satisfied:

(a) that the person or corporation applying for the license is able properly to provide the proposed air services, and to conform to the provisions of this convention and the rules, regulations and requirements of the International Air Transport Authority and the competent Regional Councils, and

(b) that the proposed services and their performance by the applicant would serve public convenience and necessity.

*Section 3*

(1) The holder of a license granted by the Board or a Regional Council shall have the right to operate to, within, over and away from the territory of any member state to the extent allowed by the license. The license may allow the holder to make stops in the territory of any member state for refuelling, repairs, taking on or discharging of passengers, cargo and mail and for any other purpose and member states shall allow such stops, provided that no license shall grant permission to a person or corporation possessing the nationality of one state to take on passengers, cargo or mail within the territory of any other state for discharge within contiguous territory of the latter or within the territory of a third state except with the consent of the member state or member states concerned.

(2) No license shall be granted for a period of more than . . . years but licenses may be renewed on application. Any license may be revoked, altered, amended, modified or suspended by the Board or by the Regional Council which granted the license.

ARTICLE VII

AIRPORTS AND OTHER GROUND FACILITIES

*Section 1*

If an air carrier licensed by the Board or a Regional Council is of the opinion that the airports or other ground facilities on the territory of a member state are not reasonably adequate for the safe, regular, efficient and economical operation of the air services which it is permitted by its license to perform, it may so inform the government or governments of which it is a national. Such government or governments may, if the complaint is considered to be valid, transmit it to the appropriate Regional Council, or if more than one Regional Council or no Regional Council is concerned, to the Board. After reasonable notice to all member states concerned and after one or more hearings at which these member states shall have the right to be heard, the Board or Regional Council may request the member state to expand its existing facilities or to construct new ones or to man and maintain its existing or new facilities in accordance with standards set by the Board or Regional Council. The Board shall, at the instance of an interested member state, review any request made

by a Regional Council and after public notice or hearing may suspend, withdraw, alter, amend or modify its terms. Each member state undertakes, at the earliest practicable moment, to give effect to the requests of the Board or Regional Council.

*Section 2*

The expenses involved in carrying out any such request shall be apportioned as follows:

(a) The member state may elect to bear all or a portion of the costs,

(b) If the member state bears none of the costs or bears only a portion thereof, the costs (or the remaining portion of them, as the case may be) shall be advanced by the Board to the member state and shall be borne by the Board or be apportioned by the Board, over a reasonable period of time, between the states (including the member state constructing the facilities) whose air carriers or services use the facilities.

In cases where the Board advances costs it may require a reasonable share in the supervision of the construction work, in the control of the airports and other facilities, and in the revenues derived from charges levied.

*Section 3*

If a member state so requests the Board may provide, man, maintain and control any or all of the airports and other ground facilities which it requires in the territory of that member state for the safe, regular, efficient and economical operation of the air services which it or a Regional Council has licensed and may impose just and reasonable charges for the use of the facilities. The member state shall either provide the land itself or facilitate the acquisition of the necessary land by the Board on just and reasonable terms.

*Section 4*

A member state may at any time acquire and obtain complete control over facilities on its territory for which the Board has advanced costs under Section 2 of this Article, or which the Board has provided under Section 3 of this Article, by paying to the Board an amount which in the opinion of the Board is reasonable in the circumstances.

ARTICLE VIII

FINANCE

The expenses of the International Air Transport Authority shall be borne by the member states in proportion to the number of votes at their disposal in the Assembly, provided that those expenses of a Regional Air Transport Council which are, in the opinion of the Board, properly chargeable to the states participating in that Council shall be borne by those states in such proportions as the Board may determine.

## ARTICLE IX

## RELATIONSHIP TO THE INTERNATIONAL SECURITY ORGANIZATION

*Section 1*

The International Air Transport Authority shall be subject, so far as questions involving world security are concerned, to the general organization which may be established among the nations of the world for the maintenance of peace and international security.

*Section 2*

The Board, when informed by the International Security Organization that such action is required in the interest of world security, shall immediately and without formal hearing grant, withhold, alter, amend, modify, suspend or revoke any license in whole or in part and take the measures concerning technical services, operating facilities and bases which the International Security Organization has directed should be taken.

*Section 3*

The Board shall, when informed by the International Security Organization that such action is required in the interest of world security, constitute, supervise and control one or more operating organizations to operate air services on routes or in regions designated from time to time by the International Security Organization, provided that such operating organizations shall not engage in domestic air transport within any state without the permission of that state. The Board may place operating organizations under the supervision and control of the appropriate Regional Air Transport Council.

## ARTICLE X

## JOINT OPERATING ORGANIZATIONS AND POOLING

*Section 1*

Nothing in this convention shall prevent two or more states from constituting joint air transport operating organizations but such organizations shall be subject to all the provisions of this convention including those relating to licenses and to the registration of agreements with the Board.

*Section 2*

Nothing in this convention shall prevent two or more states from pooling their air services on certain routes or in certain regions but such pooled services shall be subject to all the provisions of this convention including those relating to licenses and to the registration of agreements with the Board.

*Section 3*

The Board, or a Regional Air Transport Council, may recommend to the member states concerned that they pool the air services on certain routes or in

certain regions or that they constitute joint operating organizations to perform some or all the air services on certain routes or in certain regions.

*Section 4*

A state shall have the right to participate in joint operating organizations either through its government or through an airline company or companies designated by it. The companies may, at the sole discretion of the state concerned, be state-owned or partly state-owned or privately owned.

ARTICLE XI

OTHER AGREEMENTS AND ARRANGEMENTS

*Section 1*

This convention shall replace the International Aerial Navigation Convention signed at Paris in 1919, the Ibero-American Convention on Aerial Navigation signed at Madrid in 1926, the Pan-American Convention on Commercial Aviation signed at Habana in 1928, the Convention for the Unification of certain rules relating to International Transportation by Air signed at Warsaw in 1929, and the Convention relating to Sanitary Measures to be applied in International Air Navigation signed at The Hague in 1933.

*Section 2*

The member states severally agree that this convention is accepted as abrogating all obligations or understandings *inter se* which are inconsistent with its terms, and undertake not to enter into any engagements inconsistent with its terms. In case any member state shall, before becoming a member of the International Air Transport Authority, have undertaken any obligations toward a non-member state or a national of a member state or a non-member state inconsistent with the terms of this convention, it shall be the duty of such member state to take immediate steps to procure its release from such obligations.

*Section 3*

The right of any member state to enter into any convention or special agreement with any other member state or member states concerning international air transport is recognized, provided that the convention or agreement shall not impair any rights or obligations of any of the member states arising out of this convention. Every such convention or agreement shall be forthwith registered with the Board and shall as soon as possible be published by it. No such convention or agreement shall be binding until so registered.

*Section 4*

All agreements or working arrangements between operating companies regarding international air services shall be forthwith registered with the Board and shall not be binding until so registered.

ARTICLE XII

AMENDMENTS, RATIFICATION, ETC.

Amendments to this convention can be proposed by either the Assembly or the Board. An amendment shall be binding on the member states as soon as it is approved of by the Assembly by at least two-thirds of the total possible votes.

*Section 2*

In case of a disagreement between two or more member states or between one or more member states and the Board relating to the interpretation of this convention, the question in dispute shall, at the request of any one of the interested member states or of the Board, be referred to the Permanent Court of International Justice.

*Section 3*

This convention shall be ratified. Ratifications shall be deposited with . . . who shall notify the other signatory states.

*Section 4*

The convention shall come into force, in respect of ratifying states, when it has been ratified by . . . of the signatory states including . . . of the following: . . . . The date of coming into force shall be notified to all signatory states by . . . .

*Section 5*

This convention may not be denounced until it has been in force for five years. At the end of this period and at the end of each six year period thereafter any member state may denounce it. Denunciations shall be addressed to . . . and shall be effective one year after delivery.

*Section 6*

Any non-signatory state may adhere to this convention at any time after it has come into force. Adherence shall be notified to . . . who shall inform all signatory states.

ARTICLE XIII

DEFINITIONS

For the purposes of this convention the expression:

(a) "air service", means any air service performed by an airship, aircraft or towed glider for public use such as the transport of passengers, mails or cargo, including services under charter such as "air taxis";

(b) "international air service" means any air service which passes through the air space above the territory of two or more states including any such air service from a state to its colonies, possessions, protectorates, mandates or territory abroad, provided that an air service between two contiguous member states shall be deemed not to be an international air service unless the two

states, pursuant to Section 3 of Article I of this convention, have agreed that the service come under the exclusive jurisdiction of the Authority;

(c) "member states of chief importance in international air transport" means the eight member states which, under the provisions of the annex to this convention, are entitled to the largest number of votes in the Assembly;

(d) "nationality of aircraft" means the nationality of the state in which the aircraft is registered provided that the aircraft of an operating organization owned by two or more states or by the airline companies designated by two or more states is deemed for the purposes of this convention to possess the nationality of each of the participating states or companies;

(e) "territory" of a state means the territory of a state and its colonies, possessions, protectorates, mandates or territory abroad.

## ARTICLE XIV

## PROVISIONAL ARTICLE

### *Section 1*

After this convention has come into force the member states shall observe the following rules governing the temporary continuation of existing international air transport:

(1) Such of their nationals as are engaged in international air transport shall discontinue their activities within two years unless they obtain licenses under the provisions of this convention.

(2) If a member state has previously granted to a national of a non-member state any rights of international air transport such rights shall be revoked within two years provided that, if revocation would involve breach of an agreement made with the non-member state, the period of two years may be extended by the Board.

### *Section 2*

Until the International Air Transport Board shall decide otherwise the jurisdiction of the Regional Air Transport Councils shall extend as follows:

(1) European air transport council: Europe not including the U.S.S.R., the United Kingdom and Ireland.

(2) North Atlantic air transport council: all routes between any point in North America which is north of 40° north latitude and any point north of 40° north latitude in Europe including the United Kingdom, Ireland and the European portions of the U.S.S.R.

(3) . . . . . .

### *Section 3*

Until the International Air Transport Board or the competent Regional Air Transport Council shall decide otherwise the aircraft companies designated in the attached schedule shall be deemed to possess licenses issued by the

International Air Transport Authority to operate the routes designated in the schedule.

*Schedule to Section 3*

Part A. The North Atlantic.

(1) State A. A company or companies to be designated by State A to operate not more than . . . round trips a week between any point in State A and any point in the British Isles or Europe north of 40° north latitude . . . .

(2) State B. A company or companies to be designated by State B to operate not more than . . . round trips a week between any point in State B and any point in . . . .

(3) State C. A company . . .

Part B. The Middle Atlantic . . .

Part C. The South Atlantic . . .

Part D. The North Pacific . . .

Part E. Inter-American . . .

Part F. Europe . . .

Part G. The Middle East . . .

*Section 4*

(This section should provide for an equitable allocation of transport aircraft between the member states during the period of scarcity following the cessation of hostilities.)

*Section 5*

The first meeting of the Assembly shall be summoned by . . . as soon as the convention has come into force to meet at . . . two months after the date of coming into force of the convention.

*Section 6*

The following procedure shall govern the election of the International Air Transport Board at the first meeting of the International Air Transport Assembly. Each of the eight member states of chief importance in air transport shall, as soon as possible and not later than six weeks after the date of coming into force of the convention, nominate one of its nationals for membership on the Board and the eight persons so nominated shall be deemed to have been elected by the Assembly. Each national delegation may nominate one person to fill one of the remaining four seats on the Board. The chairman of the Assembly shall prepare a list in alphabetical order of all the persons thus nominated and shall submit this list to the Assembly which shall vote by secret ballot. Those four candidates who obtain the highest number of votes shall be considered as elected. At the first meeting of the Board lots shall be drawn to determine which two members shall serve for six years, which two for five years, which for four, which for three, which for two and which for one.

*Section 7*

Until the International Air Transport Assembly shall decide otherwise the regulations governing such matters as air safety, rules of the air, competency of air crew, ground signals, meteorological procedure, navigational aids, communications, airworthiness, national registration and identification of aircraft, carriage of dangerous goods and salvage which are set forth in the attached schedule shall be deemed to have received the approval of the Assembly under the provisions of subsection 5 of section 2 of Article III of this convention (The Assembly) and each member state undertakes to enact or modify its national laws to bring them into conformity with these regulations at the earliest practicable moment and in no case later than twelve months from the date of the coming into force of this convention.[5]

ANNEX TO CONVENTION

*Section 1*

For the first three years after the coming into force of this convention, the member states shall be entitled to votes in the Assembly as follows:

(Then will follow a list of states with the number of votes to which each is entitled.)

*Section 2*

After the end of the period covered by Section 1 of this Annex the number of votes in the Assembly to which each member state shall be entitled shall be determined as follows:

(Then will follow a formula.)

It is suggested that the functional principle as outlined by the Prime Minister of Canada in the House of Commons on July 9, 1943 be followed in deciding the number of votes to which each state is entitled in the Assembly. The Prime Minister's statement of July 9 reads in part as follows:

"A number of new international institutions are likely to be set up as a result of the war. In the view of the Government, effective representation on these bodies should neither be restricted to the largest states nor necessarily extended to all states. Representation should be determined on a functional basis which will admit to full membership those countries, large or small, which have the greatest contribution to make to the particular object in question."

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[5]La note suivante était dans l'original:
The following note was in the original:
The schedule to Section 7 would set forth provisional regulations which would among other things embody some of the rules and regulations contained in the conventions listed in section 1 of Article XI.

**185.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET Ottawa, January 20, 1944

. . .

INTERNATIONAL CIVIL AIR TRANSPORT POLICY

6. THE SECRETARY submitted a report of the Interdepartmental Committee on Air Transport Policy, including a draft international air transport convention prepared in accordance with principles approved at the Commonwealth air conversations in October, 1943, and recommending that the draft convention be approved as a tentative and provisional statement of Canadian policy. Copies of the report and draft convention had been circulated.

(Interdepartmental Committee's report, Jan. 14, 1944 and attached draft convention, Jan. 8, 1944 — C.W.C. document 693).

7. THE MINISTER OF MUNITIONS AND SUPPLY expressed the opinion that the draft convention submitted represented an acceptable basis for Canadian policy. At the proper time, as international discussions developed, it should be put forward to other governments as a Canadian proposal.

8. THE WAR COMMITTEE, after discussion, approved in principle the report and draft convention, as a tentative and provisional statement of Canadian policy, to be put forward at an appropriate opportunity.

. . .

**186.** DEA/72-MK-40

*Mémorandum du ministère des Affaires extérieures au Premier ministre*
*Memorandum from Department of External Affairs to Prime Minister*

[Ottawa,] January 29, 1944

INTERNATIONAL AIR TRANSPORT POLICY

Our Embassy in Washington has received from the State Department an aide-mémoire dated January 26, initialled by Mr. Berle, which reads as follows:

*"Aide-Mémoire*

The Canadian Embassy is informed that the government of the United States has been approached recently by several other governments with a request for an exchange of views on the subject of postwar aviation, with particular reference to the development of international air transport.

The Department of State hopes that it will be possible in the first instance to discuss these matters with the Canadian and British governments and believes

that such discussions would be facilitated if an early indication could be received of the views of the Canadian government on this general subject.

A similar communication is being addressed to the British Embassy."

You will recall that the War Committee on January 20 approved of the draft air convention as a tentative and provisional statement of the policy of the Canadian government and agreed that it should be put forward at an appropriate time for the consideration of other governments. The question, therefore, arises whether the request from the United States government for an early indication of our views provides us with an appropriate opportunity to transmit our air convention to them. We might transmit a document along the lines of the 3-page summary which is attached to and precedes the draft Convention. This would give a clear indication of our views but would reserve till a later date any attempt to go into details. On the other hand we might transmit the whole convention, and I think this would be preferable since it would give a fuller and clearer picture of our point of view. I also think that before doing this we should communicate the convention to the United Kingdom government and to the representatives in London of the other Commonwealth governments.

There is another important point in connection with the circulation of our proposals. Our legation in Moscow has repeatedly emphasized the desirability of placing our views before the Soviet government whenever possible simultaneously with our informing other governments. To inform the Soviet government on any subject only after other governments have been informed rather as an afterthought serves to intensify and strengthen the latent suspicion with which the Soviet government invariably regards the intentions of other governments. In the present case, since the Soviet Union will be one of the great air powers of the future, it is desirable to enlist their confidence and goodwill, if at all possible. If we were to give them our draft convention at the same time as the United States we would be doing everything we could to allay their suspicions about negotiations taking place behind their backs. Moreover it would be evidence that Canada has her own policies and view points quite independent of those of the United Kingdom, a point that continually requires emphasis in our relations with the Soviet authorities, who are inclined to be skeptical of our claim to be independent of the United Kingdom.

I would accordingly suggest that our draft convention be transmitted to other governments as follows:

1. To the government of the United Kingdom and the representatives in London of Commonwealth governments with a statement that we will give the convention to the governments of the United States and the U.S.S.R. shortly thereafter.
2. To the governments of the United States and the U.S.S.R.
3. To other interested governments in the light of developments.[6]

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[6]Les notes suivantes étaient écrites sur le mémorandum:
The following notes were written on the memorandum:
Approved W. L. M. K[ing] 27-1-44.
Released at C[anada] H[ouse] 12-ii-44 J. A. G[ibson].

**187.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

Ottawa, February 4, 1944

. . .

INTERNATIONAL CIVIL AIR TRANSPORT POLICY

3. THE SECRETARY reported that the United States had now suggested discussions with the Canadian and British governments prior to an exchange of views with other governments and had requested an early indication of the views of the Canadian government.

(Telegram No. WA-534, Canadian Ambassador, Washington, to External Affairs, Jan. 28, 1944).[1]

4. THE MINISTER OF MUNITIONS AND SUPPLY expressed the opinion that the United States should be informed that the Canadian government were ready to participate in the proposed discussions, and that a document along the lines of the summary attached to the draft international air transport convention, approved by the War Committee on January 20th, should be transmitted to the U.S. and U.K. governments, as a general indication of the Canadian view.

5. THE WAR COMMITTEE, after discussion, agreed that action be taken along the lines suggested by the Minister of Munitions and Supply.

. . .

**188.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-518 Ottawa, February 5, 1944

IMMEDIATE. SECRET. Your despatch No. 212 of January 30[1] forwarding aide-mémoire from the State Department and my despatch No. 121 of January 28[1] transmitting draft air convention.

War Committee of Cabinet have agreed that a summary of our draft convention should be transmitted to the governments of the British Commonwealth and the Government of the United States as a tentative statement of the Canadian government's views with regard to the regulation of postwar international air transport.

You are therefore instructed to give the State Department an Aide-Mémoire along the following lines:

"With reference to its aide-mémoire of January 26 the Department of State is informed that the Canadian government has been giving consideration to the intricate problems of postwar international air transport and has tentatively reached the conclusion that the most helpful solution of these problems lies in the adoption of a multilateral air transport convention. There are attached copies of a memorandum outlining the matters which in the view of the Canadian government might fall within the scope of such a convention.

The Canadian government would be grateful in return to receive at an early date the preliminary views of the United States government on the general subject of postwar aviation.

Believing that a discussion of this subject with the governments of the United States and the United Kingdom would be mutually profitable the Canadian government is prepared to enter into such discussions whenever agreeable to the other two governments."

The memorandum[7] is given in my immediately following teletype.[†]

The High Commissioner in London has been instructed to communicate the same memorandum to the government of the United Kingdom and the representatives of the other Commonwealth governments which took part in the London conference in October. We are giving copies to the United States Ambassador and the United Kingdom High Commissioner here.

**189.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 242 Ottawa, February 7, 1944

AIR TRANSPORT

Please give the United Kingdom government copies of our Air Transport convention, omitting the three-page summary. A slightly revised version of this summary[†] has been sent to you by airmail today. You should tell the United Kingdom government that in view of the forthcoming discussions in Washington between the United States, the United Kingdom, and Canada we propose to give the United States the text of the convention as soon as possible. We are, however, putting off doing this in order to give the United Kingdom government an opportunity to comment.

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[7]Semblable au résumé de la convention dans la pièce jointe, document 184, avec l'omission du paragraphe 13 et les paragraphes subséquents renumérotés.
Similar to the summary of the Convention in enclosure, Document 184, with paragraph 13 omitted and the subsequent paragraphs re-numbered.

**190.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 291 Ottawa, February 15, 1944

SECRET. My telegram No. 242 of February 7 stated that we would shortly give our draft convention on international air transport to the United States Government. I assume the United Kingdom authorities have no comments to make on this.

2. We have been considering whether it would not be wise to give a copy to the Soviet Government as well, preferably at the same time as we give it to the United States. As you know, our Ambassador in Moscow has repeatedly emphasized the desirability from the specifically Canadian as well as the general point of view of placing our views before the Soviet Government whenever possible simultaneously with our informing other foreign governments. It seems to us particularly desirable to do this in air transport in view of the necessity of securing the adherence of the Soviet Union to an enlightened international air transport convention and of our own special responsibilities because of our position athwart the main air routes between the U.S.A. and the U.S.S.R.

3. The circulation of our draft convention to the three chief air powers, the United Kingdom, the United States and the U.S.S.R., would not involve our mentioning the forthcoming Washington talks to the Soviet Government unless they have already been informed of them by the United States or the United Kingdom.

4. Please discuss this matter informally and orally with the United Kingdom authorities and find out what their present views are on keeping the U.S.S.R. in touch with developments in the international air transport discussions. The United Kingdom's desire last summer to have the Soviet Union participate in the first international discussions, which it was then thought might take place in Ottawa, indicated the importance which the United Kingdom attaches to keeping the U.S.S.R. fully informed.

**191.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-899 Washington, February 15, 1944

IMMEDIATE. Following for Robertson from Pearson, Begins: Berle asked to see me this morning about the forthcoming International Civil Aviation talks. He

feels that they should be held toward the end of March and that they should be confined to questions of principle and policy. There has apparently been some suggestion that, instead of tripartite talks, there might be concurrent talks between the British and Americans and the Canadians and Americans, but the Americans do not favour this. Berle rather hinted that Beaverbrook would have preferred Anglo-American discussions in the first instance, with Canada being drawn in later. I said that, speaking purely personally, I felt that the Canadian Government would prefer tripartite talks rather than two sets of bilateral talks and that we would also definitely prefer to participate from the outset.

2. Berle then said that there had been some suggestion that the Russians, and possibly the Chinese, might be included. They were taking steps to find out if the Russians and the Chinese were anxious at this time for such inclusion. If so, they would have to consider whether they were to be invited. Berle himself was inclined to think that it might be more satisfactory at the beginning to restrict talks to the three Governments, but that, as the procedure would be informal and elastic, the Russians and the Chinese could be invited to participate later on if they so desired. I asked Berle if consideration was being given to a press statement, in view of the fact that so many leakages were occurring. He said that he would be issuing something later today, merely to the effect that the three Governments "and possibly others" would be commencing soon exploratory and informal talks on this subject. I pointed out to him that the inclusion of the phrase "and possibly others" would lead to enquiries from other Governments. He admitted that this might well be the case, especially with the Netherlands and Australia, but he thought that there again they could be included later on. (Mr. Berle's reference to a press announcement was, of course, surprising, as London had not yet accepted the invitation to the discussions in question and, in any event, an official announcement should be made simultaneously in each capital. We therefore made further enquiries of the Division of Current Information at the State Department through J. D. Walstrom (Acting Chief of the Aviation Division), neither of whom knew anything about any public announcement, though a story in somewhat general terms about civil aviation talks had appeared in this afternoon's *Washington News*. Later Walstrom phoned back to say that Mr. Berle had decided now not to issue any statement, but one might be issued in a week or so.)

3. It was hoped that, if the initial discussions went satisfactorily, a general United Nations Conference on this subject could be convened toward the end of this year. The United States Government would like to propose Ottawa as the site for such a conference and would be glad if the Canadian Government could act as hosts. Naturally, however, they would not make any formal approach on this matter until they had ascertained our wishes. I emphasized the desirability of this.

4. I asked Berle if he could give me any indication of United States Government views on International Civil Aviation and reminded him we had given them a statement of ours. He said — as he has already previously said —

that he hoped to be in a position to do this shortly, but that United States views were still not finally crystallized.

5. Berle then handed me a copy of the proposed agenda for the forthcoming meetings, which is as follows: Begins:

PROPOSED AGENDA OF SUBJECTS RELATING TO INTERNATIONAL CIVIL AVIATION

I. AIR NAVIGATION AND AIR TRANSPORT:

1. The right of transit and technical stop (stop for non-traffic reasons) for civil aircraft, subject to needed regulation for security.
2. The right of commercial air entry.
3. Granting of international operating rights on a non-exclusive basis.
4. Application of cabotage to air traffic.
5. Control of rates and competitive practices.
6. Curtailment of subsidies and exchange of subsidy data.
7. Uniform operating and safety standards.
8. Standardization or coordination of air navigation aids and communications facilities.

II. AIRPORTS AND FACILITIES:

1. Designation of commercial airports of entry.
2. Use of airports and facilities on a non-discriminatory basis.
3. Airports and facilities in isolated areas.

III. INTERNATIONAL COLLABORATION:

1. Establishment of an international civil aviation commission, and definition of its functions.
2. Preparations and agenda for a United Nations Conference. Ends.

**192.** DEA/72-MK-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 414 London, February 17, 1944

MOST IMMEDIATE. SECRET. Your telegram No. 291 of February 15th, Draft Convention on International Air Transport.

1. I have discussed informally with the United Kingdom authorities the various points raised and they are anxious that a copy of the Draft Convention should not be given to the United States until they have commented upon it. They are at present studying the Convention and have promised to let me have these comments as soon as possible.

Regarding the notification of the forthcoming Washington talks to the Soviet Government, the United Kingdom has not informed the Soviet and say they would not do so in any case particularly as the invitation came from the United States. They are still anxious to keep the U.S.S.R. in touch with developments in the International Air Transport discussions but until they have had an opportunity of commenting on the Draft Convention they would prefer that a copy should not be given to the Soviet.

**193.** DEA/72-MK-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commisioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 421 London, February 18, 1944

MOST IMMEDIATE. SECRET. My telegram No. 414 of February 17th, International Air Transport discussions. I am now advised informally that communication received from British Embassy, Washington, indicates that the United States has informed Soviet Government that preliminary talks are in contemplation.

**194.** DEA/72-MK-40

*Le sous-secrétaire d'État aux Affaires extérieures au ministre, l'ambassade aux États-Unis*

*Under-Secretary of State for External Affairs to Minister, Embassy in United States*

SECRET Ottawa, February 18, 1944

Dear Mr. Pearson,

We were very glad to receive your WA-899 of February 15 reporting Mr. Berle's views about the forthcoming talks on international aviation. We agree with most of the points which he put forward and we certainly agree with the opinions which you expressed about the general Canadian attitude.

Tripartite talks are undoubtedly to be preferred to two sets of bilateral talks which would provide too many opportunities for misunderstandings and working at cross purposes. With the State Department and ourselves taking this view there should be no great likelihood that Beaverbrook's preference for initial Anglo-American discussions will come to anything.

We have no objection to the inclusion of the Soviet and Chinese governments and, in fact, would be inclined to welcome their presence if they were disposed to come. There is a danger that these governments, and particularly the Soviet government, might feel annoyance at being excluded from the initial conversations no matter how good the reasons were. It will be interesting to

find out the result of the soundings taken by the State Department in this connection.

I think we would be quite prepared to go to a general United Nations conference towards the end of the year. Whether it would be feasible to hold it in Ottawa is, of course, another question. A big conference here is relatively much more disturbing to other work than such a conference would be in Washington or London and the government might feel as they did over the question of the I.L.O. conference[8] that it would be too much to handle. I think we should wait until we know a little bit more about the size and nature of such a conference before we put any suggestions before the government.

Yours sincerely,

N. A. ROBERTSON

**195.** DEA/3-Cs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D.245 London, February 18, 1944

IMPORTANT. MOST SECRET. Addressed Australia, New Zealand, South Africa. Repeated to Canada and to His Majesty's United Kingdom Ambassador, Washington, for information.

My telegram January 18th, Circular D. 88,[1] Civil Aviation.

His Majesty's United Kingdom Ambassador, Washington, has reported receipt of aide-mémoire dated January 26th from State Department as in my first following telegram (not repeated to Canada).[9]

2. We were greatly surprised to receive an invitation to a conference on a tripartite basis and have carefully considered the resulting position. It is clearly embarrassing that the United States Government should have invited only Canada and not the other three Dominions who took part in the London discussions, though no doubt this may be accounted for by the special position of Canada in relation to civil aviation in North America and on the North Atlantic.

3. More recently we have received further indications which show that the United States Government contemplates that the Conference should discuss matters of high policy going beyond a preliminary informal exploration. There are moreover suggestions that they might consider extending invitations to Russia and China also. In the light of these developments we have felt that we should make it clear to the United States Government that we expect them to

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[8]Voir le volume 9, les documents 757-9./See volume 9, Documents 757-9.

[9]Voir le document 186 et États-Unis,/See document 186 and United States, *Foreign Relations of the United States*, 1944, Volume II. Washington, U.S. Government Printing Office, 1967, pp. 365-6.

extend invitations to Australia, New Zealand and the Union of South Africa. My fourth following telegram Circular D. 247† gives the text of the instructions which we are sending to Lord Halifax on this point.

4. We are sending to the United States authorities our draft agenda[10] as set out in my second following telegram Circular D. 246.† We have also received from them and are repeating to you their suggested outline agenda in my third following telegram (not repeated to Canada).[11]

**196.** DEA/3-Cs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 17 London, February 18, 1944

IMPORTANT. MOST SECRET. My telegram of today Circular D. 245. Proposed discussions with the United States on civil aviation. We have received through Canadian High Commissioner your memorandum and Draft Convention.

2. As United States are now suggesting a preliminary discussion on a policy rather than on a technical plane, it seems to us that nothing more than a statement of principles of policy is required at this juncture.

3. Our suggestions for agenda are given in my accompanying telegram Circular D. 246.† This draft of principles is derived directly from the Commonwealth Conference and we should hope that you will feel able to accept it with such alterations as may be agreed. You will see from my telegram Circular D. 245 that we have transmitted this draft to Washington.

4. We should like to have a further opportunity to consider and discuss with you your Draft Convention before this is transmitted to United States. At first sight it appears that it may give rise to certain serious difficulties for us particularly in relation to the running of services between the United Kingdom and British Colonies and we earnestly hope therefore that you will not communicate with the United States on this until you have heard our views.

5. You will see from my telegram Circular D. 245 that we have felt it necessary to raise the question of extending participation in the proposed discussions to Australia, New Zealand and the Union of South Africa. Ends.

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[10]Voir/See, *Ibid*, pp. 384-6.

[11]Voir le document 191./See document 191.

**197.** DEA/72-MK-40

*Le ministre des Munitions et des Approvisionnements aux sous-secrétaire d'État aux Affaires extérieures*

*Minister of Munitions and Supply to Under-Secretary of State for External Affairs*

Ottawa, February 19, 1944

Dear Mr. Robertson;

Thanks for sending me copy of teletype from the Canadian Ambassador to the Secretary of State for External Affairs No. WA-899 regarding forthcoming International Civil Aviation talks.[12]

I feel strongly that the talks should be tripartite between the United Kingdom, the United States and Canada, rather than two sets of bilateral talks.

I presume that it is a matter of indifference to us if others are included, although I think that more progress can be made if the talks are confined to the three countries.

I understand that the International Civil Aviation Commission proposal is not being well received in the United States, which may mean a new approach to the whole problem.

Yours sincerely,

C. D. Howe

**198.** DEA/7-BWs

*Mémorandum au Premier ministre*

*Memorandum to Prime Minister*

February 19, 1944

I attach for your approval a draft telegram[13] commenting critically on proposals put forward in a paper presented to the United Kingdom War Cabinet by the Post-Hostilities Planning Sub-committee entitled "Civil Air Transport and Security Problems."[14] Ritchie, who acts as our liaison with the Post-Hostilities Planning Sub-committee, sent this paper to Wrong recently saying that it had been circulated in London for the comments of the Government departments and they were also anxious to have the benefit of any suggestions which we might care to put forward. It will be discussed very shortly at a meeting of the Sub-committee which representatives of Dominion Governments have been invited to attend.

The paper has itself been revised after consideration by the United Kingdom Chiefs of Staff and must be regarded, therefore, as representing a point of view

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[12]*Ibid.*

[13]Pour le télégramme tel qu'il fut émis voir le document 204.
For the telegram as sent see Document 204.

which is at least strongly held in the United Kingdom Service Departments. I also attach a copy of it.† It is rather a surprising document to which objection can be taken on two main grounds. These are, first, that it deals throughout with "the United Kingdom and the Dominions" as a single unit for security purposes and, secondly, that its recommendations run directly counter to the establishment of an effective system of regulating international air transport and are based entirely on narrow grounds of national security.

We are receiving a large number of papers originating in this Sub-committee in London which deal with many phases of the peace settlement ranging from particular boundary problems to the organization of world security as a whole. We usually receive these papers first as drafts before the Sub-committee, then as revised after consideration by the Chiefs of Staff and finally as approved by a ministerial committee of the War Cabinet. Sometimes they progress very rapidly through this procedure. When they have reached the final stage they become the basis of United Kingdom policy for presentation to other Governments perhaps through diplomatic channels, perhaps through the Combined Chiefs of Staff or perhaps through the European Advisory Commission. If they make proposals which are definitely unacceptable to us, we can, if we have time, register our objections at a fairly low level without definitely committing the Canadian Government to any policy by means of observations from the Working Committee on Post-Hostilities Problems here. We have, however, made it clear throughout that our failure to register objections in no way implied our concurrence in the plans put forward.

This is a case in which it seems desirable that our objections should be registered promptly.[14]

**199.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1031 Washington, February 21, 1944

IMMEDIATE. Following for Robertson from Pearson, Begins: I have just received and read with considerable interest your teletypes EX-724,[15] 725,† 726† and 727[16] of today's date regarding the forthcoming Civil Aviation discussions. I think it is unfortunate that the United Kingdom should be pressing for an extension of invitations to Australia, New Zealand and South Africa and I think it might possibly be well for us to let the State Department know we are not behind such pressure. It seems to me that this is a departure

[14]La note suivante était écrite sur le mémorandum:
The following note was written on the memorandum:
Approved by P.M. 25-2-44 R[obertson].
[15]Ce télégramme répétait le document 195./This telegram repeated document 195.
[16]Ce télégramme répétait le document 196./This telegram repeated Document 196.

from our functional principle and might react to our disadvantage in the future.[17] There is, of course, a good deal to be said for Australia being present but I cannot see that the claims of New Zealand and South Africa are as great as those of countries like Brazil and the Netherlands[18] if they desire to participate. The United States reaction may be that it is apparently impossible to invite one Dominion without all four and therefore they had better in the future be careful about inviting any. Canada would suffer most from this attitude; not South Africa and New Zealand. I am not quite clear why the United Kingdom should be so embarrassed at the other three Dominions not being invited unless they feel that on political grounds it should be all or nothing in these matters. Is there anything I can do or should do to make the position clear here? Ends.

**200.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures*
*au ministre, l'ambassade aux États-Unis*

*Secretary of State for External Affairs*
*to Minister, Embassy in United States*

TELETYPE EX-765 [Ottawa,] February 22, 1944

SECRET

Your WA-1031. Civil Aviation discussions.

The State Department probably realizes that Canada has not been associated with the pressure to extend invitations to Australia, New Zealand and South Africa, but in any case I see no reason for telling them so. It would be awkward if the suggestion could be made that Canada has objected in any way to the participation of other British countries. I think, therefore, that we can allow the question to be settled by the United States and the United Kingdom.

**201.** DEA/3-Cs

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 349 Ottawa, February 22, 1944

MOST SECRET

Dominions Office telegram No. 17 of February 18 discusses various points with regard to the forthcoming talks on civil aviation.

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[17]Note marginale:/Marginal note:
This point seems to me to be well taken. E. R[eid].

[18]Note marginale:/Marginal note:
and France. E. R[eid].

We are agreeable either to conversations with the United States and the United Kingdom or to the inclusion of other British countries as proposed by the United Kingdom and of the Soviet Union and China as suggested by the United States.

The British proposed agenda covers all important subjects which should be discussed. We agree that no cut and dried plan should be submitted and our draft convention should not be so regarded; it is rather an attempt to present (as a basis for discussion) a considered statement of how certain principles could be embodied in a multilateral convention.

The British objection to our giving our draft convention to the United States appears to centre mainly in the definition in Article XIII of international air services which includes colonial lines. Please enquire informally whether these objections would be removed if we were to leave a blank after the word "means" in the first line of Article XIII(v)[b?] so as to offer no suggested definition of an international air service at the present time. If so, we would be prepared to do this before sending the draft convention to other governments. We believe it would be wise to give it to whatever governments it is finally decided will be represented at the conversations.

**202.** DEA/3-Cs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] February 23, 1944

In conversation with the United States Ambassador this morning, he referred to the hitch that had occurred in the arrangements for tripartite talks on civil aviation questions between the United States, the United Kingdom and Canada. The United Kingdom was pressing very hard for similar invitations to be extended to Australia, New Zealand and South Africa. Atherton said that he had urged his Government, very strongly, to invite Canada to take part in these talks at the same time and on the same footing as the United Kingdom because he felt that our interest in civil aviation questions was of primary importance. He hoped the State Department would stand by its guns and insist on talks between the three countries together, and not enlarge them to six countries, because this would turn them into a small conference and make the omission of other countries more obvious and more difficult. At the same time, he hoped they would not be driven back to substitute bilateral talks with the United Kingdom alone for the proposed three-cornered talks with Canada, the United States and the United Kingdom.

**203.** DEA/72-MK-40

*Le ministre, l'ambassade aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister, Embassy in United States,*
*to Under-Secretary of State for External Affairs*

Washington, February 24, 1944

Dear Norman [Robertson],

I do not think that I made myself very clear in my teletype No. 1031 of February 21 regarding the British proposal that the other Dominions be invited to the forthcoming air talks. I agree, of course, with the point you make in your teletype No. 765 of February 23[1] that "it would be awkward if the suggestion could be made that Canada has objected in any way to the participation of other British countries."

All I had in mind was an informal approach to Berle or Hickerson to make sure that they understand that we are not pressing for such an invitation.[19] As you state, it may well be that the State Department realize that fact. Nevertheless, I think the British attitude on this matter has dangerous implications for the future. It certainly makes our functional idea of representation look rather silly and emphasizes the "unit" idea of British Commonwealth representation. If the United States agree to the British proposal for the inclusion of the other Dominions, they will probably have to insist that Brazil, the Netherlands, etc., also be invited. This is going to make them much more hesitant in the future about asking Canada to participate in any preliminary discussions. If the United States refuse the British suggestion, then the other Dominions are going to be much more annoyed than if the idea of representation at these talks had not been put in their minds by the United Kingdom.

I can see no reason for the United Kingdom attitude in this matter except their view that no one Dominion should be represented at talks of this kind. This seems to be an indefensible proposition. In this connection the Embassy here have already sent a third person note to the State Department, one paragraph of which reads:

"His Majesty's Government in the United Kingdom feel that in view of the scope and level of the proposed discussions it would be appropriate that the Dominions other than Canada should also participate in them and assume that in the circumstances which have developed the United States Government will agree to extend an invitation to Australia, New Zealand and South Africa."

Yours sincerely,

MIKE [PEARSON]

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[19]Note marginale:/Marginal note:
N. A. R[obertson]: As you know, I should like to see this done. R. M[acdonell].

**204.** DEA/7-BWs

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 359 Ottawa, February 24, 1944

MOST SECRET. Following for Ritchie from Wrong, Begins: Your letter January 27th,[1] P.H.P. paper on Civil Air Transport and Security Problems.[1] You will have noted that proposals in this paper are inconsistent with the recommendations made to Governments by the Commonwealth Civil Aviation Conference held in London in October last and with the Canadian proposals for an international air transport authority which were given to United Kingdom authorities by Canada House on February 8th.[20] Apart from this inconsistency we are also concerned by the assumptions on future Commonwealth defence which underlie this draft. It appears to presuppose a single defence policy for the entire Commonwealth with the United Kingdom and the other countries of the Commonwealth acting in effect as one Great Power.

2. Since this is a matter on which Canadian planning has reached the point of presenting tentative proposals to other Governments our representatives at the proposed meeting of the P.H.P. sub-committee are in a position to take a definite and critical line.

3. The Working Committee on post-hostilities problems has considered the draft and offers the following additional comments which you are at liberty to use as observations from the Working Committee here:

The effectiveness of an International Air Transport Authority, taking its directions on matters of security from an international security organization, would be largely nullified if important sections of the world's air routes were removed from its jurisdiction. It is essential to the working of such a system that it embrace most international air routes and most nations of importance in the air. The security organization should be able, both in time of peace and in time of war or threat of war, to control the use of certain routes or bases by particular nations. The forces at the disposal of the international security organization should have access in peace and in war to the main international air routes and air bases in accordance with decisions of the security organization.

Any such collective assurance of security would prove unworkable if participating nations reserved international routes for their own jurisdiction. For this reason, the Working Committee cannot agree that the trunk airlines of the Commonwealth and certain reserve strategic routes should be excluded from any system of international regulation. Insistence at this stage on such a provision would prejudice the chances of enlisting the support of other great air

[20]Voir le document 188./See Document 188.

powers, particularly the United States, for an effective plan of international cooperation.

From the point of view of security, a system of genuine international control of international civil air transport offers more advantages than does any attempt on the part of nations individually to ensure their security by developing closed systems of air transport. In order to draw substantial benefits from a scheme of international control each nation must be prepared to make substantial contributions. One of those contributions is a willingness not to stipulate in advance any claims for the exclusive operation of particular air routes but to rely on the commonsense of the international body in recognizing reasonable claims. Ends.

**205.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA 1186 Washington, February 28, 1944

IMMEDIATE. SECRET. Following for Robertson from Pearson, Begins: My WA-1143, February 25th,[1] civil aviation discussions.

Mr. Berle asked to see me this morning and discussed with me the situation created by the United Kingdom request to include the other Dominions in the forthcoming civil aviation discussions. He said that they had been unable to agree to this suggestion as they felt that if South Africa, Australia, and New Zealand were invited to participate, they would also have to invite other countries, such as Brazil, Mexico, The Netherlands, French National Committee, etc. They felt that the time had not yet come for general discussions of this kind. However, in an attempt to meet the British position, they had decided to withdraw the invitation for discussions between British, Canadians, and possibly the Russians and Chinese, and to have instead bilateral discussions. In the first instance, these would include U.S.-U.K., U.S.-Canada, U.S.-Soviet Russia (the Russians had not yet shown any inclination to participate in such discussions and the State Department were disinclined to press them), U.S.-China (China also had shown no eagerness to participate), and U.S.-Brazil (the invitation to Brazil would go off tomorrow). The results of these separate bilateral discussions would be communicated to the other participating Governments. Shortly after these discussions had concluded, the State Department would invite other countries to begin similar bilateral conversations, e.g., Australia, New Zealand, South Africa, The Netherlands, Mexico, and the French National Committee. The way would then be paved, they hoped, for a general United Nations conference later in the year, possibly, Mr. Berle added, in Ottawa.

2. Berle said that they had not yet received the reply of the British to their new invitation, but hoped to today or tomorrow. If London, in originally

putting forward the claims of the other Dominions, desired to establish a commonwealth front on this subject, I should think they would be more unhappy about the new proposals than the earlier one. At the same time, I do not see how they can object to the United States issuing these invitations to bilateral talks. In any event the British invited this result, I think, by their earlier intervention.

3. Berle pointed out that if the British Commonwealth of Nations as such had wished to discuss aviation matters with the United States, such a meeting might have been possible, but only on the understanding that it was the British Commonwealth on the one hand and the United States on the other. He thought it would be quite impossible to have discussions with five separate British Commonwealth States without inviting other States.

4. I asked Berle when the bilateral talks would begin, and he thought in about a month. I also emphasized that we had received no indication of United States policy, and he again promised to send me something very shortly. In this connection I am sending you by separate teletype a memorandum from the State Department. This memorandum is not very helpful but I think that I shall be able to extract something better from them this week. Berle said that the British had told him that they had received a long document from Canada giving in detail Canadian policy. I replied that we had already given him a memorandum on this subject and would have nothing to add until we received something from them.

5. Afterwards I saw Hickerson, who showed me a message from their Ambassador in London reporting a conversation he had with "An official in Lord Beaverbrook's office," who had said bluntly that they had no intention of participating in aviation talks with the Americans to which Canada would be invited unless the other Dominions were also invited.

6. I mentioned to Hickerson that Berle had for the second time suggested Ottawa as a site for the eventual United Nations Conference, and I emphasized again that no such proposal should be made formally to us until we had had a chance to discuss it with them informally, as it was doubtful whether we would wish to have such a Conference at Ottawa and we did not wish to be confronted with an invitation which we would not be able to accept.

7. I also urged Hickerson to urge Berle to give us some information about United States policy; more particularly a copy of the Berle Committee report. Hickerson promised to do what he could about this and said he would try to get us the report this week, though he himself had not yet seen it. Ends.

**206.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*aux secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1188 Washington, February 28, 1944

IMMEDIATE. SECRET. Reference my WA-1186 of February 28th, civil aviation discussions. Following is text of State Department memorandum, dated February 28, Begins:

"The Department of State is grateful for the Canadian Embassy's memorandum of February 7, 1944, transmitting copies of a memorandum outlining the views of the Canadian Government regarding international air transport, including a proposal for establishing an international air transport authority, which has been read with great interest.[21]

The United States Government hopes to be in a position to furnish the Canadian Government with a summary of its views on the development of international air transportation at an early date.[22] In the meantime, it is believed that the suggested agenda regarding proposed preliminary conversations on this subject, which was given to Mr. Pearson on February 15,[23] will furnish the Canadian Government with a general indication of the points which the United States Government believes might be suitable for exploratory discussions at this stage." End of memorandum. Ends.

**207.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures*
*au ministre, l'ambassade aux États-Unis*

*Secretary of State for External Affairs*
*to Minister, Embassy in United States*

TELETYPE EX-894 Ottawa, March 2, 1944

SECRET

War Committee yesterday considered your report of your most recent conversation with Berle on civil aviation. The Canadian position may be summed up as follows:

(a) We would have preferred exploratory discussions among a small number of countries as the most satisfactory method and we regard separate sets of bilateral talks as an unnecessarily complicated procedure capable of giving rise to misunderstandings. It is unfortunate that the United Kingdom's insistence

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[21] *Ibid.*

[22] Note marginale:/Marginal note:
This is helpful!

[23] Voir le document 191./See Document 191.

on bringing in Australia, New Zealand and South Africa has brought the State Department to its present position, (of which, incidentally, Atherton has not yet been informed).

(b) However, since the State Department is committed to bilateral talks we believe it desirable to have the talks between Canada and the United States come first. If the United Kingdom-United States talks precede the Canadian-United States talks, there is some risk that the United Kingdom representatives might be tempted to try and speak for all the Commonwealth governments which took part in the London discussions.

You should therefore see Berle and, using your discretion as to how much of the foregoing it is necessary to give him, tell him that we are prepared to enter into discussions with the United States immediately. You should point out the special relationship that exists between Canada and the United States by virtue of the numerous international air routes connecting the two countries. More than in the case of most other countries these international routes are extensions of domestic routes and are closely linked with domestic systems of air transport. This community of interest makes it desirable that discussions should take place at an early date. You may also say that we have prepared a draft international convention and that in order to facilitate the early initiation of discussions we will be glad to give it to the United States as soon as we receive their preliminary views. Do not, however, give the draft to the State Department until you hear from us about an amendment that must be made.

We cannot, of course, insist on Canada-United States discussions coming first, but if you emphasize the importance of these discussions to both governments and the willingness of the Canadian government to enter into them as soon as possible this may have the desired result.

**208.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 399 Ottawa, March 2, 1944

SECRET

Reference previous correspondence on international aviation.

Please inform the United Kingdom of the following:

As the United Kingdom authorities know the United States has proposed a series of bilateral talks on aviation with Canada, the United Kingdom, the Soviet Union and perhaps other governments. Although we would have preferred multilateral discussions we have agreed to the State Department's proposal and have indicated our willingness to begin bilateral talks at an early date.

The State Department have learned from London that we gave the United Kingdom a long document (the draft convention) representing our views and they have asked questions about it. In the circumstances we have felt that we could no longer withhold it. We have accordingly told the State Department that in order to facilitate the initiation of discussions we will give them our draft convention as soon as we receive their preliminary views. We will, however, delete the references to colonial air routes over which the United Kingdom authorities have expressed some concern.

**209.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1343 Washington, March 4, 1944

SECRET. Following for Robertson from Pearson, Begins: Your EX-894, March 2nd, civil aviation. I saw Berle this afternoon regarding forthcoming bilateral discussions and gave him the information contained in your teletype, with certain omissions.

Berle said that it was not possible to give me a specific assurance that the conversations with Canada would precede or be simultaneous with those with any other country, because they had not yet had any reply from London on the general principle of bilateral conversations. Therefore, it would seem premature at this time to go into details regarding the timing of such conversations.

He added, however, that he recognized the very special United States-Canadian relationship in this matter and could assure me that that would be taken into consideration in timing any talks that took place.

As it was difficult to draw him, I emphasized that we were anxious that the procedure for bilateral talks should be applied in such a way that there should be no wrong interpretation outside or misunderstanding inside any particular discussion as to the Canadian position. No one could speak for Canada in any bilateral discussion except representatives of the Canadian Government, and it would be unfortunate if United Kingdom-United States talks gave rise to any misunderstanding in this regard. Berle did not seem to think there was any danger of this happening.

Have London given you any indication of their views on these bilateral proposals? Is it not somewhat surprising that they have not sent you both the new United States proposals and their reaction to them? Ends.

**210.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-948 Ottawa, March 6, 1944

SECRET. Following for Pearson. Begins: Your WA-1343 of March 4.

Berle's attitude can be regarded as moderately reassuring. We can obviously hope for nothing more definite until the State Department hears from London.

We have had no word from London on this whole subject since the batch of Dominions Office telegrams dated February 18 which we copied to you. As you say this is somewhat surprising.

**211.** DEA/72-MK-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 549 London, March 6, 1944

MOST SECRET. Your telegram No. 349 of February 22nd, Air Transport Policy.

1. The various points have been discussed with the United Kingdom authorities and the following communication has now been received from the Dominions Office, Begins:

We have now had time to study the Canadian draft convention on civil air transport. If I may say so, it is a very valuable contribution to the study of the subject. We welcome the assurance that it is intended as a basis of discussion and not as a cut and dried plan. We appreciate the Canadian Government's offer to leave a blank after the word "means" in the first line of Article XIII(B), if the draft convention is sent to other Governments. Subject to this amendment, we do not wish to ask that the Canadian Government should further defer on our account the circulation of the draft convention to other Governments. We assume that, if it is so circulated, the Canadian Government will make it clear that it represents only their own views. There are some important points in which we fear that we could not agree with its provisions. We should be grateful if, in conveying the above to the Canadian authorities, you would ask them to inform us of their eventual decision, and if this is in favour of circulation, to let us have copies, as sent to other Governments. Ends.

2. The United Kingdom authorities were informed in the sense of your telegram No. 399 of March 2nd, and have no further comments except to make

it clear that their exchanges with the State Department about the proposed talks have not dealt with our draft convention.

**212.** DEA/7-BWs

*Le premier secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*First Secretary, High Commission in Great Britain, to Assistant Under-Secretary of State for External Affairs*

MOST SECRET London, March 11, 1944

Dear Mr. Wrong,

On receiving your telegram No. 359 of the 24th February containing the views of the Working Committee on Post-Hostilities Problems on the P.H.P. Paper on Civil Air Transport and World Security Problems, I got in touch with Mr. Jebb and arranged for an informal meeting at which the views of our Working Committee could be discussed. Meanwhile, as the Post-Hostilities Planning Sub-Committee asked if they could have a preliminary summary of our comments before this meeting took place, I sent them a letter, of which I enclose a copy herewith,[1] and which was based on paragraph 3 of your telegram under reference.

2. I had an informal meeting with the Canadian Service representatives, Brigadier Booth of Canadian Military Headquarters, Lieut.-Commander Todd of the Canadian Navy Office, and Wing Commander Wright of the Royal Canadian Air Force Headquarters, to talk over our point of view before proceeding to the meeting of the Post-Hostilities Planning Sub-Committee. We found ourselves in agreement as to the terms in which our Working Committee's viewpoint might be expressed at the forthcoming meeting. This meeting took place on the 7th March.

3. I was invited by Major-General Grove-White, who was in the Chair, to give a general account of our Working Committee's views to supplement the letter which I had already written to Jebb. I pointed out that there were, it seemed to me, two fundamental differences between the assumptions on which the P.H.P. Paper had been written and the assumptions on which our own views were based. The P.H.P. Paper was based on the assumption that an International Security Organisation could not be expected, at any rate in the immediate post-war years, to work effectively. This was a negative approach. Our own view was based on the assumption that an International Security Organisation could and must be made to work. In the second place the P.H.P. Paper postulated a closed Imperial defence system whereas we were thinking in terms of an International Security Organisation.

4. I went on to expand the views expressed by our Working Committee along the lines of your telegram under reference, and pointed out that these views, although expressed in general terms, were not by any means academic, but were directly related to the security needs of Canada. I illustrated this point by describing our close relationship in defence matters with the United States.

5. Turning to the P.H.P. Paper itself, I pointed out the difficulty of reconciling paragraph 12 dealing with "contracting out" and paragraph 18, in particular Conclusions (c) and (g), with any workable scheme of international security. I said that we could not help feeling that any British delegation to an International Conference on Civil Aviation which was hampered by the rigid requirements of the P.H.P. Paper would not be able to make any proposals which would have much chance of appealing to the other great air powers.

6. I added that the views of the P.H.P. Paper were inconsistent with those contained in the Canadian proposals for an International Air Transport Authority which we had given to the United Kingdom authorities on February 8th, and that I also thought they would be found to be inconsistent with various declarations of United Kingdom policy. I drew the attention of the meeting to the brief report of the Law Committee which had considered the problem of internationalisation with particular reference to its bearing on Imperial security,and which met during the Civil Aviation conversations in London last October. I pointed out that that Committee (a report of whose conclusions, dated 12th October,[†] you have of course received) had taken a wider and more positive view of the role of an International Air Transport Authority responsible to a United Nations Security Organization.[24] I added finally that I had great difficulty in seeing how a World Security Organisation of the kind outlined in P.H.P. (43) 24a Final — The Military Aspect of any Post-War Security Organisation[†] — could be made to work if it was restricted by the Imperial security conditions laid down in this P.H.P. Paper. I concluded by saying that our Working Committee's views as I understood them were fully in favour of Commonwealth co-operation, but that that co-operation should be in the general framework of an International Security Organisation. At the conclusion of my remarks there was a general discussion, and I am enclosing a copy of a brief summary of the principal points emerging from this discussion which has been circulated by the Secretariat of the P.H.P. Sub-Committee.[†] The following are my own additional comments.

7. In the background of the discussion was the difference of conception between our Working Committee and the Post-Hostilities Sub-Committee as to the character of any International Security Organisation which might reasonably be expected to emerge after the war. It is a difference of view which I have encountered on several occasions in recent conversations with United Kingdom officials, and it was most clearly expressed on this occasion by Mr. le Rougetel, the Foreign Office representative, when he asked whether our conception of an International Security Organisation was a *collective* organization similar, with modifications, to the League of Nations, or a "pooling" of strength among the peace-loving nations to maintain security. He said, and other members of the Sub-Committee agreed, that their minds were working along the lines of a pooling of armed strength. They thought a collective organisation impracticable. Anything in the nature of an international force, for instance, seemed to them out of the question at present or in

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[24]Voir le volume 9, les documents 644, 651./See Volume 9, Documents 644, 651.

the near future. As General Grove-White expressed it, after the war it was likely that world security arrangements might be maintained by the victorious powers much in the same way as the war was being waged by them and without, I gathered, much additional international machinery. I said that I thought our view was in favour of a collective organisation in which all the United Nations would play a part and assume appropriate responsibilities. We fully saw the weakness of the old League of Nations and the necessity of building on more realistic foundations, but we did not contemplate being drawn along in the wake of an alliance between the great powers. The Sub-Committee said that their Paper P.H.P. (43) 24a Final was, so far as they knew, the first attempt to put the picture of a World Security Organisation on paper. They would very much like to have our views upon it and to examine any draft for such an organization drawn up by our Working Committee. They were also studying the closely-connected subject of "United Nations bases" and would like to have our views on this subject also.

8. Genuine misunderstanding has arisen owing to the very loose way in which the word "internationalisation" was used in the P.H.P. Paper. It now appears that they had employed the term as meaning "international operation" and not "control by an International Air Authority." This, of course, puts a somewhat different complexion on their paper. In particular I was assured that in Conclusion 18(c) of the P.H.P. Paper regarding the exclusion of Imperial trunk lines from any scheme of internationalisation the Sub-Committee had had in mind a scheme of international operation. They had no objection to international regulation of Imperial air lines. I said that I thought that we would agree that ownership and operation of such air lines by an international body would be impracticable, but that we felt that these main Imperial trunk lines should be subject to the jurisdiction and control of an International Air Authority.

9. Although the Sub-Committee explained that they did not wish to exclude Imperial air routes from "regulation" by an International Air Authority responsible to an International Security Organisation, it was apparent that they were somewhat dubious as to how such an arrangement would work out in practice, and behind their doubts it was not hard to discern a reluctance to entrust Imperial communications to the authority of any International Organisation.

10. General Grove-White and other members of the Committee raised the question as to what we meant precisely by "international control" of the main air routes, in the interests of world security.

11. Some general discussion followed as to the practicability of employing an International Air Authority as an instrument of an International Security Organisation outside the specific regions which would come under international operation. I explained our ideas on this subject along the lines of paragraph 10 of the Canadian memorandum on an International Air Transport Convention, and Article IX of our draft International Air Convention.[25]

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[25]Voir la pièce jointe, document 184 et le document 188.
See enclosure, Document 184 and Document 188.

12. The meeting has, I think, served a very useful purpose. A full discussion of this kind showed that the Sub-Committee themselves had certain doubts about their own Paper, and felt that they had erred on the side of "over insurance." They had, in drafting this Paper, evidently been thinking in terms of concrete Imperial defence problems, particularly in the Middle and Far East.

13. I think our discussion also clearly showed the need for the greatest possible precision of language in dealing with schemes for the future organisation of Civil Aviation in the interests of world security. Such terms as "internationalisation," "international control," "regulation," etc. need to be clearly defined and perhaps somewhat elaborated.

14. Meanwhile the P.H.P. Paper on Civil Air Transport and Security Problems in its final form (which you have now received) has, I understand, been approved by the Chiefs of Staff, but the Sub-Committee stated that as a result of our discussion they intended to communicate to the Chiefs of Staff a rider to the Paper which would take account of our Working Committee's views. They will send me a communication outlining the points included in this addendum, and it will then be possible to estimate more clearly what impression our views may have made upon the Sub-Committee.

15. Meanwhile the suggestions for facilitating the exchange of views between our Working Committee and the Sub-Committee here contained in your telegram No. 328 of the 19th February† have been communicated to Jebb, and I am informed that we may expect a reply in the near future.

Yours sincerely,

C. S. A. RITCHIE

**213.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1566 Washington, March 13, 1944

FOR IMMEDIATE ACTION. MOST SECRET. My WA-1502, March 10th,† Civil Aviation Discussions.

Late this afternoon Berle sent for Wershof (in the absence of Pearson). Berle said that the British Embassy told him a few days ago that the United Kingdom Government would not (not) accept the proposal that the United States hold bilateral talks with a large number of countries as a preparation for a United Nations Conference. The British suggested as an alternative that a multilateral conference of 14 countries be held in North Africa or Morocco by way of preliminary to a full United Nations conference.

2. Berle said that he subsequently informed the British that the British proposal was not (not) acceptable. In the first place the United States did not

like the idea of a 14-power multilateral meeting; such a gathering would create many difficulties. In any event, the United States felt that there must be preparatory talks on a small scale (i.e., bilateral talks) as a preparation for any kind of conference.

3. Berle continued that, after some discussion between himself and the British, it had been tentatively agreed that a very small United States delegation should go to London as soon as possible to hold bilateral conversations with the United Kingdom representatives. Before going to London,and en route to London, the United States representatives, if Canada agreed, would hold exploratory bilateral talks with Canadian Government representatives in Ottawa or in any other place that the Canadian Government thought suitable.

4. The United States delegation would probably consist of Berle and one man from the Civil Aeronautics Board. The State Department thought that the fact that such talks are being held in Canada and London should if possible be kept secret although, in view of recent events, Berle was not very hopeful that they would be kept completely secret.

5. Berle did not say whether it was the United States or the United Kingdom that first suggested that the United States delegation hold talks with Canada before going to London. He did say that the State Department felt that talks with Canada first would add to the value of the subsequent talks with the United Kingdom Government in London. Furthermore, in view of Canada's special position and the fact that Canada has for some time been ready for exploratory conversations, the State Department felt that there ought to be talks with Canada before the delegation went to London.

6. As for the proposed 14-power multilateral discussion, the United Kingdom would reserve the right to suggest it again and the State Department would at that time consider the suggestion on its merits, reserving the right to turn it down.

7. In reply to questions Berle said that, if this latest proposal for talks in Canada and London is definitely adopted, the State Department intended to tell the Soviet Union all about it and, if the Soviet so desired, bilateral talks would be arranged between the United States and them. A little later on (apparently after the London talks are finished) the State Department would contemplate arranging bilateral talks with other countries.

8. The United States representatives would be ready to leave in about 10 days.

9. Berle said that this latest proposal was not (not) what any of the three countries (United States, United Kingdom and Canada) had hoped to arrange but that the whole matter had got so mixed up that it seemed to be the best that it was now possible to arrange. The United States Government hoped very strongly that the Canadian Government would accept this latest proposal. He hoped also that we would give a reply very soon, in view of the desire to start the United States delegates on their way in ten days.

10. Berle was told that the proposal would be sent to Ottawa immediately and that a reply would be made as soon as possible, but that it was not (not) likely that a reply would be forthcoming tomorrow (Tuesday).

11. The British Embassy has not yet volunteered any information regarding the talks with Berle described above. We find one of Berle's statements puzzling, namely, his statement that the British have agreed to the latest proposal. There has been very little time for the numerous necessary telegrams to be exchanged between the British Embassy and the Foreign Office, as it was only last Thursday that the British Embassy first told Mr. Berle of the United Kingdom proposal for a 14-power conference. It is possible that what Berle really means is that the British Embassy has agreed to recommend to London acceptance of the latest scheme. If you think it wise, we could ask the British Embassy exactly what the position is in this regard.

**214.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-1086 Ottawa, March 14, 1944

MOST SECRET. Your WA-1566 of March 13. Aviation discussions.

We are inclined to accept Berle's latest proposals though we have not yet reached a definite decision and no communication should yet be made to the State Department. We hope to be able to send a favourable reply soon, possibly today. Meanwhile, we should be grateful if you would consult the British Embassy as to their position.

**215.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1592 Washington, March 14, 1944

IMMEDIATE. MOST SECRET. Your EX-1086, March 14th, aviation discussions. We asked the British Embassy if they could give us any information regarding developments since last Thursday afternoon (the position on Thursday last was reported in WA-1502 of March 10th).[†] British Embassy said that, at the end of last week, there was considerable discussion between the British Embassy and Berle regarding the proposals which had been made by the United Kingdom and the United States respectively. After some discussion, it was agreed that Berle should go to London to talk with United Kingdom representatives. He would hold exploratory discussions regarding international civil aviation and

would also discuss the future procedure (i.e., what kind of conference should be held and when and where).

2. The basic proposal that Berle should go to London has been approved by the United Kingdom Government and by the President.

3. Berle would like to leave by air in about ten days but the question of the time of his visit is subject to approval from London.

4. The President is anxious to tell the Soviet Union immediately about the latest proposal but he will not do so until the U.K. Government have agreed to his doing so.

5. The British Embassy continued that Berle had suggested that he should talk with the Canadian Government about aviation en route to London. Berle vaguely said that, in order to help keep the whole thing quiet, he might suggest to the Canadian Government that these talks should be in New York rather than in Ottawa. Berle definitely did not (not) make any such suggestion when he spoke to us yesterday — see WA-1566 of March 13th. His proposal yesterday to us was that there should be talks with the Canadian Government in Ottawa or in any other place that the Canadian Government thought suitable. He said nothing to indicate that "the other place" might be outside of Canada.

6. The British Embassy added that the proposed Berle visit to London would be completely independent of the forthcoming visit to London of the Stettinius party.[26]

**216.** DEA/72-MK-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 78 Moscow, March 14, 1944

SECRET

Sir,

I have the honour to acknowledge receipt of your despatch No. 17 of January 28th, 1944,[1] enclosing for my confidential information two copies of a tentative and preliminary draft, dated January 8th, 1944, of an international air transport convention. In accordance with the instructions set forth in paragraph 3 of your despatch, I sent you telegram No. 70 of March 8th[1] acknowledging its receipt.

2. I have read over the proposed convention with great interest. It is exceedingly well drafted, the division into articles dealing with main headings

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[26]Pour la visite de Stettinius et de son groupe, voir États-Unis,
On the visit of Stettinius and his party, see United States,
*Department of State Bulletin*, Volume 10, April 29, 1944, p. 395.

sub-divided into sections could very well be taken as a model for future international conventions. It represents a constructive compromise between the complete internationalization of trans-frontier air traffic and the conditions which prevailed before the war. Section 1 of Article II definitely recognises that each state has complete exclusive sovereignty over the air space above its territory and the chief derogation of such sovereignty implied in the draft convention is the transfer to the International Air Transport Authority of the right to license air lines engaged in international traffic flying over the territory of a member state.

3. In view of this I believe that there is a greater chance of the Soviet Union agreeing to some such proposal than there was to the proposals for internationalization embodied in the secret report of September 28th, 1943, of the Interdepartmental Committee on Air Transport Policy.[27] In my letter to Mr. Robertson of January 27th, 1944,[*] I endeavoured to appraise the probable attitude of the Soviet Government to these proposals. I believe that the considerations set forth in that letter will influence the attitude of the Soviet Government to the proposals embodied in the latest draft convention approved by the Canadian authorities, but it will be more difficult for them to adopt a *non-possumus* attitude. They will be reluctant for strategic reasons to relinquish full control over the granting of rights to fly over their territory, but in the interests of international cooperation and of general security they may not wish to oppose the proposals too openly if they should receive the full support of the other principal states. They are more likely to insist upon the Soviet Union having voting strength equal or nearly equal to the United States in the Authority and in the regional councils concerned with flights to or across Soviet territory and if their wishes are not met in this respect, they may seek to escape from the obligations of the proposed convention on this ground. To a great extent the attitude of the Soviet Union will be influenced by the success attending efforts to promote international cooperation in other fields, particularly in the realm of general security, but there will probably be few subjects proposed for international cooperation which will so involve the relinquishment of pre-war sovereign rights as the international regulation of trans-frontier air traffic. On this account we may expect the Soviet Government to adopt a very reserved attitude and for the reasons set forth in my letter to Mr. Robertson of January 27th to be very zealous in safeguarding their rights of granting permission to foreign aircraft to fly over their territory and to make use of their airports.

4. Although it is desirable to make every effort to secure Soviet adherence to the proposed convention, if this proves to be impossible, it would still be worthwhile to proceed with the putting into effect of the convention without Soviet participation. The International Air Transport Authority or its North Pacific regional council could then negotiate with the Soviet Government for arrangements concerning flights over North-eastern Siberia as part of an air route from North America to Asia. Flights into Soviet territory from the West

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[27] Le volume 9, document 641./Volume 9, Document 641.

are likely to be confined to air services operating from countries contiguous to the Soviet Union, which would not be subject to the provisions of the proposed convention. It is very unlikely that there will be in the near future any demand for a trans-Atlantic air service with its terminus on Soviet territory. It is chiefly in respect of North-eastern Siberia, therefore, that the Soviet Union presents an interest for future international air routes. Canada much more than the Soviet Union is likely to be a future crossroads of the air.

I have etc.

L. D. WILGRESS

**217.** DEA/72-MK-40

*Extrait d'une lettre du premier secrétaire, le ministère des Affaires extérieures à l'ambassadeur en Union soviétique*

*Extract from Letter from First Secretary, Department of External Affairs, to Ambassador in Soviet Union*

SECRET Ottawa, March 18, 1944

Dear Mr. Wilgress,

It occurred to me that you might like to have a rather fuller account of the comings and goings with regard to international aviation than we have been able to send you by telegram.

. . .

In the meantime there has been a bad leak in the press in the United States which resulted in large parts of our draft convention being printed in *American Aviation Daily*, a trade paper. Although, of course, we have taken no official line on this, there is good reason to suppose that the leak occurred in the United Kingdom. The editor of the paper, Wayne Parrish, had just returned from a visit to the United Kingdom and was telling all his friends in the aviation business that Beaverbrook had taken him into his confidence. Since at the time of the leak we had given the text of the convention to the United Kingdom but not to the United States it is fairly clear that the blame cannot be laid on Washington's door step. Mr. Parrish also succeeded in embarrassing the British by printing their agenda for international discussions *in extenso*.

It was rather embarrassing to have our draft convention make its first public appearance in a United States publication and the only sensible course to follow was to make it a public document. Accordingly, Mr. Howe tabled it in the House and secured permission to have it printed in Hansard.[28] This puts us in the position of being the first country to announce a detailed plan for the postwar regulation of international aviation (the Australia-New Zealand agreement included their belief that international operation of the world's

[28]Le 17 mars 1944. Canada, Chambre des communes, *Débats*, 1944, volume II, pp. 1638-45.
March 17, 1944. Canada, House of Commons, *Debates*, Volume II, pp. 1580-7.

airways was the best solution but went into no detail). There are advantages and disadvantages to making our position public at the present time, the main disadvantage being that a particular plan is labelled Canadian which increases the difficulties of acceptance by other countries and may make it more difficult for the Canadian government to accept substantial revisions. However, it has been made clear that our proposal is tentative and preliminary and put forward as a basis of discussion so that I hope we can make it clear to the world that we have no cut and dried plans and are supporting the general objectives of our draft convention rather than the details.

Yours sincerely,

R. M. MACDONNELL

**218.** DEA/7-BWs

*Le premier secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*First Secretary, High Commission in Great Britain, to Assistant Under-Secretary of State for External Affairs*

SECRET London, March 23, 1944

Dear Mr. Wrong,

I am enclosing a copy of a letter[1] which I have received from Colonel le Mesurier of the Post-Hostilities Planning Sub-Committee.

Most of the points raised by Colonel le Mesurier were, I think, covered in my letter to you of the 11th March. Colonel le Mesurier touches, however, in the third paragraph of his letter, on one point which I did not mention. He refers to paragraph 17 of the P.H.P. Paper on "Civil Air Transport and Security Problems"[2] in which it is stated that

"The operating agencies for any international zones that may be set up should be controlled by an international air transport authority. This in turn should be subordinated to the world security organisation envisaged in the Moscow Declaration."

I pointed out at the meeting on March 7th that this paragraph as it stood might be thought to imply that the control of the proposed world security organisation should be limited to the international operating agencies set up in specific zones. Colonel le Mesurier agrees that this paragraph was misleading and says that the Sub-Committee's view is that the world security organisation should have "certain powers" in relation to the international air transport organisation outside those zones as well as within them.

It is apparent from the last paragraph of Colonel le Mesurier's letter that the Post-Hostilities Sub-Committee are somewhat nervous about the effect that their paper on "Civil Air Transport and Security Problems" may have had in Ottawa. I am reassuring him that consideration of the Paper has been limited to our own Post-Hostilities Working Committee, but I should be

grateful if you could authorise me to give Colonel le Mesurier the specific assurance for which he asks in the last paragraph of his letter.

Yours sincerely,

C. S. A. RITCHIE

**219.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1850 Washington, March 25, 1944

IMMEDIATE. Following from Pearson, Begins: Civil aviation. I am sending you herewith a summary of the views of the technical group of the United States Government regarding post-war civil air transport. In giving this to me, Berle pointed out that, while he has no reason to believe that these views will not be approved on the highest political level, formal approval has not yet been given. The memorandum embodying these views is as follows. Memorandum Begins:

SUMMARY OF OBJECTIVES FAVORED BY THE UNITED STATES OF AMERICA WITH RESPECT TO POST-WAR CIVIL AIR TRANSPORT

I. *Air Navigation and Air Transport*

1. *Right of Transit and Non-Traffic Stop*

Civil aircraft of one nation should be free to fly in transit across the territory of another nation, and to land for non-traffic reasons. Freedom of air transit should include the right of non-stop passage for scheduled airline services. Such rights would be subject to reasonable regulations, including those essential to national security, and would not affect the sovereignty of any nation.

2. *Right of Commercial Air Entry*

The establishment and operation of air carrier services including the right of commercial entry for transportation of passengers and property between points in two or more nations should be arranged by inter-Governmental agreement, except where a Government may permit its carriers to negotiate directly with a foreign Government.

Each nation obtaining rights of commercial air entry from another nation should be free to assign them to its air carriers without obtaining prior approval of the other nation. However, one nation obtaining rights of commercial air entry in another nation should assign them only to a company or companies which are and continue to be substantially owned and fully controlled by nationals of either or both of the two countries.

Specific points of entry and routes to be operated in connection with the rights of commercial air entry should be established by arrangements between the civil aeronautical authorities of the countries concerned.

3. *Non Exclusivity of International Operating Rights*

Each nation should agree not to grant exclusive commercial operating rights to air carriers of any single nation, or to seek such rights.

4. *Application of Cabotage to Air Traffic*

Each country reserves the right to limit the carriage of commercial air traffic between two points both of which are under its jurisdiction to aircraft of its own nationality.

5. *Control of Rates and Competitive Practices*

There should be an international arrangement under which aeronautical authorities of the countries concerned should consult with each other for the purpose of reaching mutual understandings with respect to problems or controversies arising in connection with rates and other competitive practices. For the time being, however, each country should preserve freedom of action.

Under the above procedure the countries concerned would also consult with each other regarding the frequency of operation over particular routes, with a view to avoiding wasteful competition. However, in principle every carrier authorized to serve a particular route should be permitted to operate as many schedules as may be justified to take care of existing traffic at economically sound tariff charges. If it is deemed necessary to limit frequencies, due consideration should also be given to the proportionate share of traffic originated by nationals of each country.

6. *Curtailment of Subsidies and Exchange of Subsidy Data*

For the purpose of making international aviation as self-supporting as possible, there should be a frank exchange of information between nations, on the basis of uniform reporting, as to the amounts of subsidies and other assistance extended by the respective Governments to their air carriers. The exchange of this information should be followed, wherever possible, by adjustment or regulation of rates, services, and competitive practices in an effort to develop efficient and non-subsidized operations. At the same time, it should be recognized that there will be certain routes where, for reasons of national policy, nations might be justified in subsidizing limited services.

7. *Uniform Operating and Safety Standards*

Steps should be taken by all nations to establish minimum and adequate standards for aircraft airworthiness, operation, and safety equipment. Air traffic rules, air traffic control procedures, and similar operating and safety regulations should be as uniform as possible, but each nation should be permitted to reserve the privilege of prescribing, on a non-discriminatory basis, special operating rules and procedures of local effect to be observed in the interest of safety by aircraft engaged in air transport operations in its territory.

8. *Standardization or Coordination of Air Navigation Aids and Communications Facilities*

Air navigation and communications procedures (applicable to both air and ground) should be standardized or coordinated as much as possible; this would not necessarily require complete standardization of the equipment used. This whole subject would be suitable for study and recommendation by any

appropriate international body, but in the meantime the various international technical groups which have been discussing these matters should continue with their work in this field.

## II. *Airports and Facilities*

### 1. *Designation of Commercial Airports of Entry*

Each country should designate such commercial airports of entry as may be necessary for the effective and efficient operation of international air services by such other countries as may have been granted rights of commercial entry or transit.

### 2. *Use of Airports and Facilities on a Non-Discriminatory Basis*

Each country should agree that the use of public airports, accessory facilities and technical assistance such as navigational aids, weather reporting and tele-communications are to be made available to civil aircraft of another country on the basis of national and most-favored-nation treatment.

Commercial aircraft of another country which have been granted rights of commercial air entry or transit should have equality of opportunity to obtain or provide necessary facilities for fueling, repair and maintenance.

### 3. *Airports and Facilities in Isolated Areas*

The interested countries should endeavour to conclude arrangements for the development and maintenance of necessary landing facilities in areas whose Governments are unwilling or unable to perform these functions.

## III. *International Collaboration*

### 1. *Establishment of an International Civil Aviation Commission and Definition of its Functions*

There should be established an International Aviation Commission. The composition of this body, and the manner in which the various countries should be represented thereon, could be determined by an international conference or by an interim study committee. At the beginning, at least, the powers of this Commission might be limited to the following:

(a) The study of procedures, and practices relating to safety regulations, operating methods, airline accounting, dissemination of meteorological information, customs procedure, standardization of communications equipment and facilities and air navigation aids, use and availability of airports, etc.

(b) To collect complete information and make studies with respect to the operating statistics of all international air carriers, subsidies paid directly or indirectly by Governments to air carriers, rates charged by carriers, competitive practices, contracts and agreements entered into between carriers and between carriers and Governments, international regulations with respect to licensing of aircraft and aircraft operators, and in general all information of value or of interest to the various Governments concerned.

The results of the above-mentioned studies and information collected should be made freely and completely available to the Governments of all countries which are members of the International Body. The following additional powers

might be delegated to this Commission if the consensus of opinion among the interested nations is in favor thereof:

(a) To recommend uniform simplified regulations where uniformity is practicable and unilateral action in other cases to correct abused or unsatisfactory conditions which have been disclosed to the Commission in the exercise of its functions as proposed above.

(b) To consider and decide questions affecting two or more nations when certified to the Commission by the parties concerned.

It is suggested that no further major powers be delegated to the Commission until after study and agreement by the nations primarily concerned.

**220.** DEA/72-MK-40

*Mémorandum du premier secrétaire au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from First Secretary to Under-Secretary of State for External Affairs*

Ottawa, March 25, 1944

Here are the long awaited United States views on post-war aviation in which you will find nothing new or startling. This is to say the least a conservatively drawn document.

The system favoured by the United States provides for freedom of innocent passage and freedom to land for non-traffic purposes. These will be general and universal and on the basis of these freedoms rights of commercial entry would be a matter of bilateral bargaining. Further, each nation would agree not to grant exclusive commercial operating rights to air carriers of any single nation, or to seek such rights.

The memorandum is vague as to what could or should be done under international arrangements. The following points are mentioned:

(a) There should be an international arrangement under which national aeronautical authorities should consult with each other on problems of rates and other competitive practices. Freedom of action, however, would be preserved by each country.

(b) The only approach to the question of limiting subsidies is a provision for exchanging information to be followed where possible by adjustment or regulation of rates, etc.

(c) Uniform traffic and safety standards are recognized as desirable, but each nation would be allowed to prescribe its own rules to a certain extent. The whole subject would be reserved for study "by any appropriate international body."

(d) An international civil aviation commission would have its initial powers limited to research. It might be allowed to make recommendations and to act as an appeal court dealing with questions certified to it by two or more nations.

The forthcoming talks will thus start off with comparatively little common ground. The best method of procedure might be for the Canadian representatives to begin by suggesting that the United States plan does not go very far in attempting to deal with the problems of international rivalries and cut-throat uneconomic competition, which we know from experience to be real dangers. We could then expound the advantages of international regulation and point out that an opportunity exists now to make a fresh start that may not occur again for a long time. At this stage of the discussions a number of specific problems would probably have emerged for consideration.

R. M[ACDONNELL]

**221.** DEA/72-MK-40

*Mémorandum du bureau du Conseil privé*
*Memorandum by Privy Council Office*

SECRET [Ottawa,] March 27, 1944

AIR TRANSPORT — U.S. STATEMENT OF VIEWS
*(Teletype WA 1850 March 25th from Washington)*

GENERAL COMMENT

1. The preliminary statement of U.S. views regarding air transport policy can scarcely be said to propose even a minimum of international regulation. Although a few loopholes are left open by which a measure of international regulation could be established, the general tenor of the document is in favor of air traffic completely unregulated in respect of services, frequencies, allocation of routes, rates, etc. Even in the field of technical and safety regulations, e.g., airworthiness, certification, the degree of international regulation that is proposed would not be great.

2. This policy would appear to be based upon the assumption that the U.S. because of its superior ability, greater strength (both actual and potential), and greater traffic offering, would be able to dominate the international air transport scene without any effective international regulation being required.

3. The Canadian position, on the other hand, has been that unbridled competition must result in international difficulties and that a cooperative system in which all nations great and small would be able to play a part equivalent to their ability and efficiency was preferable to a domination of the airways of the world by one or two great powers.

4. The main point which the U.S. wishes to have accepted internationally is the right of freedom of transit including the right to land for refuelling and servicing. This, of course, does not cover the right to take up or discharge passengers. It is, in fact, virtually the only major change from the prewar position which the U.S. is proposing. The powers which it is prepared to offer to an international air commission are limited only to the collection and exchange of information and even the marginal powers which are suggested at the end of the U.S. statement of policy would go no farther than allowing the

international body to recommend uniformity in matters of procedure, e.g., safety regulations, accounting, customs practices, etc.

5. The universal acceptance of freedom of transit would involve the sacrifice by Canada of our strongest bargaining point. If we gave up control of the right of transit and, subsequently as is proposed in the U.S. memorandum, were compelled to rely on bilateral bargaining for the initiation of any international air services, we would have very little with which to bargain. Accordingly, the Canadian draft convention proposed that the right of transit should only be granted if in return certain equivalent benefits accompanied it. It is very likely that the U.S. will be the only nation pressing strongly for this right of transit and that most of the countries involved will be inclined to support the Canadian view that right of transit can be granted only if accompanied by certain equivalent concessions.

6. The Canadian proposals made the granting of freedom of transit contingent upon the following other steps:

1. The granting of certain freedoms of commercial outlet; that is, the right to carry traffic without having to bargain bilaterally with each government concerned;

2. The establishment of an international authority whose basic regulatory functions would be control, through licensing, of

(a) routes
(b) schedules
(c) frequencies
(d) rates.

7. It may not be possible to gain all these things. However, the future development of Canadian international air services would suffer if Canada gave the right of transit as suggested by the U.S. without getting any of the equivalent concessions referred to above. If the U.S. is not prepared to go beyond freedom of transit, then it is suggested that Canada would be in a better position without any of the freedoms since we would at least retain our control of transit and would have that as a bargaining point.

## DETAILED COMMENT

### *Right of Transit*

8. The U.S. memorandum proposes that freedom of transit would be subject to "reasonable regulations including those essential to national security" (paragraph 1). If it was left to each country to interpret "reasonable regulations" without any check whatsoever, each nation could apply regulations in a restrictive fashion as during the prewar period in Europe. This is a strong argument for the establishment of some regulatory body which could see that "reasonable regulations" were not excessive nor discriminatory.

9. In this connection, it is worth noting that the right of transit is the one point on which the U.S.S.R. is likely to be sticky. It is quite possible that freedom of transit would be more acceptable to the U.S.S.R. if an international

regulatory body, in which it played a dominant part, were in existence than if no effective regulatory body existed.

*Right of Commercial Air Entry*

10. The second sentence, paragraph 2 of this section, is rather vaguely worded. Under it, the U.S. might assign rights in respect of a service granted to the U.S. government to a company owned in Canada; e.g., C.P.A. In theory, there is a possibility of a conflict here and the wording might be clarified.

*Non-exclusivity*

11. The U.S. proposal prevents discriminatory or preferential arrangements. This again is desirable but unless placed within a suitable international framework, would be of benefit chiefly to the U.S.

*Application of Cabotage to Air Traffic*

12. The U.S. proposals are in accord with the Canadian point of view.

*Control of Rates and Competitive Practices*

13. The U.S. proposals are vague. They suggest only consultation between countries concerned with respect to problems arising out of rates and competitive practices. There is no indication whether this is to be done by the establishment of regulatory machinery to be used only when difficulties arise or whether they would be willing to give the international commission, which they propose, any continuing responsibilities. Judging by the functions later allocated to the commission, the intention is merely to suggest procedure for consultation rather than to vest any continuing powers in the commission in this respect.

14. In the second paragraph of this section, the U.S. suggests that the number of schedules should be based upon traffic offering at economically sound rates but presumably would leave each nation to make its own decision according to these criteria. The Canadian proposal, on the other hand, would use the same criteria but would have them applied by a single authority. The last sentence of this section of the U.S. proposal opens a loophole for limitation of frequencies but does not indicate who would exercise the power of limitation.

*Subsidies*

15. The U.S. proposes merely an exchange of information regarding subsidies. In a vague fashion, it goes on to indicate that there should be some adjustment or regulation of rates and competitive practices but does not indicate how this regulation is to be worked out. On the basis of the machinery suggested in the U.S. document, it would apparently be left to each government to take such action as it saw fit in this connection.

*Uniform Operating and Safety Standards*

16. This is in accord with the Canadian proposal. The reservation entered in the last sentence, however, could be dangerous unless some international authority were established to see that they were not used to excess.

*Standardization of Navigation Aids and Communications*

17. This is generally in accordance with the Canadian scheme although again the U.S. would give the international body power only to study and make recommendations, but not to establish standards.

*Designation of Airports of Entry*

18. This is in accordance with the Canadian proposal.

*Non-discriminatory Use of Airports*

19. This is in general in accordance with the Canadian proposal although the first sentence in mentioning both national and most-favored-nation treatment opens up two possible methods of treatment. Completely equal rights of access would be preferable.

*Airports and Facilities in Isolated Areas*

20. This is in general in accordance with the Canadian proposal although our draft convention goes further in suggesting a specific procedure.

*Establishment of an International Commission*

21. The Commission would be limited to study of procedures and practices and collection and exchange of information. Within these limitations, it could cover the field of civil aviation broadly but it is doubtful whether it would be in any way effective as long as its functions were so proscribed.

22. The U.S. goes on to suggest that, if desirable, additional powers to recommend uniform simplified regulations be given to the commission in the exercise of its functions "as proposed above;" this would limit its recommendations since its functions as proposed above are to be limited to study of procedures and practices.

23. The U.S. proposal suggests a useful additional function which the Commission might perform; namely, that of arbitration where parties concerned agreed to such arbitration.

24. For broader comment on the proposed functions of this international Commission, see the first section of this memorandum.

J. R. B[ALDWIN]

**222.** DEA/3-Cs

*Le ministre, l'ambassade aux États-Unis,*
*au secrétaire d'État aux Affaires extérieures*

*Minister, Embassy in United States,*
*to Secretary of State for External Affairs*

TELETYPE WA-1894 Washington, March 27, 1944

IMMEDIATE. SECRET. Your EX-1287, March 25,' civil aviation. Reid and Wershof offer the following comments on the U.S. document:

*General.*

1. The main interest of the discussions in Montreal will of course be the explanation of the United States representatives of their reasons for believing that their proposals will be effective in overcoming the two main evils of the pre-war system, uneconomic wasteful competition and international friction resulting from devious air diplomacy. The United States proposals will do away with the right which nations can now exercise in an anti-social fashion to prevent foreign aircraft from flying over their territory. They would do nothing to prevent the United States and other states from exercising in an anti-social fashion their right to prevent foreign aircraft from landing to take on and discharge passengers and cargo. Since the possible abuses of the second right are many and difficult to define, it would seem clear that consultation is not enough, but that an international authority would have to be set up with power to suspend the right of air transit to all aircraft of a state which, acting directly or through its airline companies, unreasonably exercises its rights or enters into a conspiracy in restraint of trade.

2. The Prime Minister and Mr. Howe have made it clear that Canada is willing to make a real contribution to world order in the field of international civil aviation.[29] It is difficult to see wherein the U.S. "summary of objectives" makes such a contribution. The U.S. would, in effect, preserve the existing system with the important change that transit rights should be granted multilaterally. As transit rights constitute the main thing Canada can give away (and are of comparatively small value to Canada when given by other countries) the U.S. scheme would be worse than the existing set-up so far as Canada is concerned, and it is hard to see that Canada would secure any counterbalancing advantages through strengthening of the world order.

3. The potential difficulties which face Canada under the pre-war system of the closed sky, if the relations between the U.S. and any of the major powers of Europe or Asia should become strained, are not lessened by the grant of freedom of air transit under a multilateral convention of the kind proposed by the U.S. If relations are strained between the U.S. and country X, the U.S.

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[29]Voir Canada, Chambre des communes, *Débats*, 1943, volume II, pp. 1814-6 et *ibid*, 1944, volume II, pp. 1632-7.
See Canada, House of Commons, *Debates*, 1943, Volume II, pp. 1776-8 and *ibid*,1944, Volume II, pp. 1575-80.

may refuse commercial outlet to that country, which will then seek that right from Canada which will be under pressure from the U.S. to refuse in the interest of continental defence.

*Section I, subsections 1 and 2.*

4. As anticipated, the U.S. wants the right of commercial air transit granted multilaterally and unconditionally, leaving rights of commercial air outlet to bilateral negotiation or negotiation between small groups of nations. The subsections are badly worded and could mean something else but, in view of all the speeches made by U.S. officials, we think that the intent is as we have stated.

*Section I, subsection 2.*

5. The second paragraph of this subsection is ambiguous. It may mean that the government of country A, which has obtained an outlet in country B, may choose the airline to use it (subject to the nationality limitation). Or it may mean that the government of country A, once it has been granted an outlet in country B, should be able to assign it to more than one airline.

6. Also the second paragraph would enable the United States to grant rights to enter Canada to a United States airline company which was fully owned by the Canadian Pacific Railways or the Canadian Pacific Steamships Company.

7. What we think the United States means is that the United States should assign rights only to (a) United States companies substantially owned and fully controlled by United States nationals or (b) to a United States company substantially owned and fully controlled by United States or Canadian nationals subject in this latter case to the approval of the government of Canada. This would make it possible for T.C.A. and say North Western Airlines to establish a joint operating company to run from New York to Alaska.

*Section I, subsection 3.*

8. This non-exclusivity clause is badly framed. Under it a nation could, while adhering to the clause, grant exclusive rights to two other nations. France, for example, might grant exclusive rights to the United Kingdom and Iran. The United States might grant exclusive rights to the United Kingdom and France for commercial air entry into the United States for transatlantic operations and might thus freeze all other European countries out of the North Atlantic unless Canada were willing to grant them rights of commercial air entry. There is nothing in this clause which would prevent the United States, Canada, the United Kingdom and say France from entering into an agreement to monopolize the North Atlantic for their own services. This is evidence of the unrealistic character of the proposals made by the United States. We find it hard to believe that the European nations will consent to give up the bargaining strength which they now possess because of their right to refuse freedom of air transit, and get no adequate protection in return against discriminatory policies

which might be practiced against them by illiberal governments in the countries which are the main source of international air traffic.

*Section I, subsection 4.*

9. It would be useful to discover the reasons which have led the United States to propose that Great Britain should be able to reserve lines to and between its colonies to United Kingdom aircraft.

*Section I, subsection 5.*

10. It would be useful to try to discover what the United States representatives consider would be the practical effect of this proposal on the assumption that the United States does not intend to freeze the smaller European countries out of the North Atlantic. It is suggesting that aeronautical authorities from the United States, the United Kingdom, Canada, France, the Netherlands, Sweden, Switzerland and Belgium would consult on rates and frequencies on the North Atlantic. All nations but one might agree on "sound tariff charges." One nation might stick out for a low uneconomic, highly subsidized rate structure and for operating luxurious, fast aircraft at frequent intervals in an effort to secure a virtual monopoly on the route and to drive the aircraft of other nations out of it. Should such an eventuality arise, how does the United States propose that the resulting bitter international controversies should be dealt with?

*Section II, subsection 3.*

11. This is a good example of the basic weakness of the U.S. plan, namely, the unwillingness to entrust an international body with real power. This subsection would mean that small groups of countries, probably big countries in most cases, would themselves arrange with a small or poor country to build air facilities in that country.

**223.** DEA/7-BWs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au premier secrétaire, le haut commissariat en Grande-Bretagne*

*Under-Secretary of State for External Affairs*
*to First Secretary, High Commission in Great Britain*

SECRET Ottawa, March 29, 1944

Dear Mr. Ritchie,

I have received your letter of March 23rd with which you enclosed a letter of March 3rd from Lieutenant Colonel Le Mesurier.[1] This further clarification of paragraph 17 of the P.H.P. paper on "Civil Air Transport and Security Problems" will be reported to the Working Committee. The paragraph was ambiguous and Colonel Le Mesurier's interpretation brings it more in line with our views on the subject.

As for the anxiety expressed by Colonel Le Mesurier in his last paragraph, you can assure him that the P.H.P. paper concerned has been considered only in the Working Committee. The Advisory Committee, which, as you know, includes the Chiefs of Staff, has not discussed the paper, although it is possible that the service members of the Working Committee may have brought the paper to the attention of their respective Chiefs of Staff. Our telegram No. 359 of February 24th was, as a matter of fact, approved by the Prime Minister. His approval, however, was sought not for the substance of the telegram but rather for the procedure, as we were anxious to secure his authority for establishing direct relations in this way between the Working Committee and the P.H.P. Sub-Committee. Unless there are special reasons for doing so, we would not submit further comments from the Working Committee to any higher authority for approval.

You might assure Colonel Le Mesurier that those persons in Ottawa who have seen the P.H.P. paper understand thoroughly the origin of the views it contains and do not attribute them to the United Kingdom Chiefs of Staff or to the United Kingdom Government. We are, of course, conscious of this situation because of our own anxiety that the views we have expressed should be recognized as the views only of the Working Committee and not of the Canadian Chiefs of Staff or the Canadian Government. We consider the exchange of views on this lower level to be very useful, and we should be sorry to see the flow of papers from London interrupted by any fears of misinterpretation on our part.

Yours sincerely,

H. H. WRONG
for the Under-Secretary of State
for External Affairs

**224.** DEA/72-MK-40

*Le président, Trans-Canada Airlines,*
*au ministre des Munitions et des Approvisionnements*

*President, Trans-Canada Airlines,*
*to Minister of Munitions and Supply*

SECRET March 31, 1944

Dear Mr. Howe:

I thought last night a great deal over the meeting with our American friends.[30] The more I think of it, the more disturbed I am.

Without defending the Canadian plan, it is at least robust, courageous and fair, and they in their comments on it, after it had been in their hands for some time, in no way broke down a single principle, apart from one or two minor suggestions about certain drafting. They could not or did not advance a single basic objection and they paid at least lip service to it. Their objection was

[30]Voir le document 226./See Document 226.

confined to one fact, "The temper of our Congress and people is not such as to permit us to go so far in committing power to an international Board." This means that in international matters of the greatest importance to the future peace of the world the United States is not prepared to submit the rights of the various nations on this subject to the arbitrament of an impartial tribunal, but must insist on themselves deciding on those rights and asking all others interested to rely on their fairness.

After thinking the matter over overnight and dictating certain observations, they proposed, as an attempted compliance with the principles of our plan, a trial period for eighteen months or two years with a temporary Authority which would collect information and make reports, but which would have no power. In the meantime, any nation, really only the United States, can put on all the frequencies on all the routes that it desires. Mr. Berle's halting and laboured explanations were certainly not convincing to me. I venture to suggest that if the services are put on and in existence at a time eighteen months or two years from six months from now, and the matter than comes up for decision, that it will be extremely unlikely that a solution which materially restricted their rights could be accomplished.

I am unable to visualize the stark realism of Mr. Stalin accepting a proposition that he should now give flying rights over and into his country in the hope that when the final conference took place two or two and a half years hence that the United States would then act in accordance with what it thought fair, but in the meantime filling his air with their planes. Canada may at that time have a difficult decision to make as to its going along with the United States or the Empire or Russia, and we lie between them. I am also wondering about Canadian reaction to our giving rights of transit and landing on an assumption of fair dealing two years hence. It may be true that we could then withdraw, but that would be much more difficult than now.

A perusal in this morning's paper of Mr. John MacCormac's article, previously prepared, rather indicates to me that our meeting of yesterday was, so far as they were concerned, rather cut and dried, as the article sets out what actually happened: "It is surmised that the tentative United States proposals now being discussed with Canada and Britain leave a little more leeway for agreement with those countries than Pogue's proposals, but the gap is still fairly wide." This is exactly what did happen, and the phrase "a little more leeway" seems exact.

What I am particularly disturbed about at the moment is what will be the implications of their report of our conversations. The phrases "saw no basic difficulty" and "would endeavour to meet their views" seem very inadequate and likely to cause misunderstanding.

Irrespective of what has happened, we prepared a plan entirely consistent with our London conversations and sent it to London. We still believe in that plan and are not varying from it. What we did say to the United States in effect was, that as they did not believe they could get our plan (which they referred to as excellent) adopted in their country, we would study their suggestions to see if a favourable rapprochement could be made.

If it can consistently be done, it seems to me that Mr. Massey should be told, for communication to the proper parties, what the exact position is.

I would further not like the idea to get around that this limp and anaemic suggestion is the product of a virile North American democracy, but that it is the product of the United States alone, and does not appeal in principle to Canada.

To me, the most regrettable feature is that it is symptomatic of a spirit which bodes ill for world peace.

Yours faithfully,

H. J. SYMINGTON

**225.** DEA/72-MK-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*Secretary of State for External Affairs*

TELETYPE WA-2046 Washington, April 3, 1944

SECRET. Following for J. R. Baldwin, copy to R. M. Macdonnell, from Escott Reid, Begins:

AIR TRANSPORT

1. Many thanks for your letter of March 31[1] sending us a full report of the discussions in Montreal.[31] Max[32] and I will be glad to do a memorandum[33] for you indicating possible solutions to the problems listed in your letter.

2. Meanwhile there are two points I would like to make immediately:

(a) The Montreal discussions have, as you point out, emphasized the wisdom of our having put our views in the form of a detailed convention. In our own interests we want to try our utmost to have our convention continue to serve as the basis for international discussions. I think therefore that we should try, if possible, to put our reaction to the U.S. counterproposals in the form of amendments to our convention which we would be willing to consider accepting if the United States accepts the rest of it.[34] My guess is that this means that we should elaborate at some considerable length Sections 2 and 3 of Article XIV, the provisional article. We might go a very long way to meeting the U.S. views on the interim transitional period covered by this article, if this increased greatly the chance of the U.S. accepting the bulk of the rest of the convention.

(b) While it is essential to try as best we can to get the U.S. to agree to an enlightened convention, our aim, of course, is to get general international

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[31]Voir le document suivant./See following document.
[32]M. Wershof.
[33]Non trouvé./Not located.
[34]Note marginale:/Marginal note:
This is sensible. R[obertson].

agreement to such a convention. Consequently we have to be careful in our drafting of amendments not to put them in such a way as to make it less likely that other nations will accept the general principles of the convention. It seems to me therefore that we should right away, if this has not already been done, try to get the reaction of the chief air powers to our convention — the U.S.S.R., France, the Netherlands, Brazil and China. Could we not ask our Ambassadors to those powers to discuss the convention with the Foreign Office concerned, and report by cable what they like most in the convention, and what they like least, and what changes in it would increase the likelihood of their accepting it.[15]

3. I hope that you will support the suggestion which I made to Macdonnell in my letter of April 1st,[a] that Mr. Howe issue a press statement this week[16] in an effort to remove misconceptions of our convention which appear to be current in this country. The more time the misconceptions have to spread, the more difficult it will be to catch up with them. Ends.

**226.** PCO

*Rapport du secrétaire, la délégation aux conversations entre le Canada et les États-Unis sur le transport aérien*

*Report by Secretary, Delegation to the Canada-United States Air Conversations*

SECRET Ottawa, April 4, 1944

1. An informal and exploratory exchange of views on international air transport policy took place between Canadian and U.S. representatives on March 29-30.

The U.S. representatives were Mr. A. A. Berle, Jr., U.S. Assistant Secretary of State, Dr. E. Warner of the Civil Aeronautics Board and Mr. Walstrom of the State Department. The Canadian representatives were the Honourable C. D. Howe, Minister of Munitions and Supply, Mr. Norman Robertson, Under-Secretary of State for External Affairs, Mr. H. J. Symington, President, Trans-Canada Air Lines and Mr. J. R. Baldwin, Privy Council Office, Secretary.

2. The discussions demonstrated fully the usefulness of preparing and circulating a Canadian draft convention. The discussions centered around the objectives of the convention and the methods suggested for obtaining them with the result that the Canadian delegates found themselves in a stronger position than had been expected.

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[15]Note marginale:/Marginal note:
I don't think we can keep the initiative as the scope of diplomatic discussions broadens without fouling our links with U.S. and U.K. The U.S. has initiated a programme of bilateral discussions beginning with us. I think we'd better wait until they get back from London and we learn where things stand before considering a second step. N. A. R[obertson].

[16]Aucune déclaration ne fut trouvée./No statement was located.

3. There was general agreement on a number of broad basic principles which may be summarized briefly as follows:

(a) A permanent international air authority should be established, which should be closely related with any general international security organization which may be set up but which should be able to stand alone if necessary. An attempt to work out the organization of this international air authority should be begun at once and its establishment need not wait upon plans for a general international security organization to take definite shape.

The leading air powers should play a predominant role in the authority but a place should be made for all nations wishing to participate.

(b) The authority should concern itself in the first instance with technical matters such as airworthiness, safety regulations, etc. (The U.S. representatives pointed out in this connection that special arrangements might have to be made in connection with radio communications in view of the present developments and consultations in respect of radar.) Before other regulatory functions over international air services were granted to the authority, the U.S. representatives thought agreement should be reached as to the general principles which would guide the authority in its exercise of these functions. (This was intended among other things to reassure U.S. opinion by defining clearly the criteria upon which the authority would act for example in respect of control of frequencies.)

(c) Any nation which wished to, should have the right to engage in international air transport. Negotiations for international air services should initially at least, take place between governments and each government should assume responsibility for its own air carriers.

(d) Discriminatory measures and preferential systems with regard to operation of air services or use of bases and ancillary facilities should not be permitted. Subsidies should be curtailed and, subject to certain exceptions made necessary by considerations of security, air services should be self-supporting.

(e) Any nation should be able to reserve carriage of its domestic traffic (cabotage) and the right to indicate international routes to be followed across its territory and airports of entry and departure to be used within its territory. Safeguards, however, would have to be added to prevent abuse.

(f) Nations should cooperate in the development of facilities required for air transit through remote and isolated areas. In general, where special assistance was required in the construction of bases and air facilities, financial responsibility should rest upon the governments of the users.

4. These principles were already covered in the Canadian draft convention. In explaining the convention, the Canadian representatives also clarified certain matters upon which the U.S. representatives had remained in doubt. The U.S.

representatives were informed that the freedoms described in Article II were to be universal and that it was not the intention to limit freedom of transit by the last phrase of the first sentence of Section 2 of that Article. It was also explained that in Article IV, Section 1, it was intended that the Assembly would select the governments to be represented on the Board and that each government selected would then designate its representative. It was also indicated that the control of frequencies and quotas suggested in the convention was to be based upon a regional allotment which would leave each country a measure of freedom in working out its routes within a region.

5. Differences of opinion arose with regard to the measure of control to be granted to the international authority. The U.S. suggested that a detailed scheme of international control was at this stage premature and that such control could scarcely be effectively exercised since there was not sufficient data available regarding international operations to make reasonable control feasible. Accordingly, the authority should in the initial stages be limited to the collection of information which might provide an effective basis for international control and regulation at a later stage if such control and regulation proved necessary. Meanwhile, the international authority might be limited to consultation with and recommendation to governments. The U.S. representatives laid considerable stress upon the political situation in the U.S. which might make it difficult to obtain approval there for an international body possessing a large degree of power. In particular, there would be a suspicion that any scheme would be based upon the desire of other countries to divide up the rich U.S. potential air traffic. It was for this reason that the U.S. representatives insisted that if any measure of control should be given to an authority, the criteria according to which the authority would exercise this control must be carefully defined in advance.

6. The U.S. representatives were not inclined to feel that chaos would result in the immediate postwar period should no restriction be placed upon the initiation of international air services. They pointed out that the necessity for economic operation would make undue expansion unlikely and that, for example, the U.S. authorities could be relied upon to supervise U.S. international air carriers effectively. Difficulties might arise from time to time but could be decided as they arose by consultation between the governments concerned.

7. They were also of the opinion that the framework adopted for international air services should allow room for competitive operations. With regard to the four freedoms they were, of course, anxious for a multilateral acceptance of freedoms 1 and 2. As regards commercial outlet, they were inclined to prefer bilateral agreements but felt that it might be possible to work towards acceptance of freedoms 3 and 4.

8. Concern was also expressed by U.S. representatives over the possibility lest, say, U.S. interests unable to get permission from their own authorities to

establish certain international air services might set up carriers based in other countries for operation of those services.

9. The Canadian representatives pointed out the reasons which led the Canadian government to approve the draft convention. These need not be repeated here since they have already been covered in Mr. Howe's statement to Parliament on March 17th. It was emphasized, however, that serious difficulties would be likely to ensue if no control of international air services existed.

10. In setting up an international authority, it would not only be necessary to meet the requirements of the U.S. but to provide a system which would meet the legitimate needs of other United Nations. This would require that each should at least have the opportunity to operate or share in the operation of some international air services and that each should have some effective representation in any international control exercised.

11. Moreover, the attempt to work out a pattern for international air transport was important in terms of later efforts at international organization in other fields. The present time was more favorable for the establishment of an effective international authority than would be the case after the period of urgency has passed.

12. It was also pointed out that freedoms 1 and 2 which the U.S. was most anxious to obtain, would not be likely to be acceptable to a number of other nations unless linked with rights of commercial outlet and placed in a general framework of international cooperation and control.

13. After full discussion, the U.S. representatives put forward the following suggestions:

(1) Freedoms 1 and 2 should be accepted on a multilateral basis.

(2) A preliminary committee should be set up as soon as possible which would attempt to work out an initial allocation of routes and frequencies and outlets on a regional basis between the countries wishing to operate international air services. This preliminary allocation would take effect as soon as the military situation permitted the initiation of regular civil services. It was understood that the chief air powers would be on this preliminary committee. Countries would start on the basis of the initial allocation but would be free to increase or modify their frequencies at any time.

(3) This initial allocation would be brought to an air conference of the United Nations which would be asked to approve it for a transitional period, tentatively suggested as from 18 months to two years. (It was suggested that specific criteria for the initial allocation be agreed upon and that these might be based upon movement of passengers and mail by all forms of transportation to and from countries in the pre-war years, and by capacity for operation of services, as developed during the war, e.g., number of pilots, etc.)

(4) It would also be proposed to the air conference that an International Air Commission be set up, which during the same transitional period, would receive and collect reports, observe the operation of the provisional plan and report thereon at frequent intervals, and stimulate remedial action by the governments concerned in case of difficulties.

(5) This framework would be established by the adoption of a convention which would also include a statement of general principles covering such points as reservation of cabotage, curtailment of subsidies, the right of countries to pool operations or engage in joint operations, the right of equal access to airports and facilities (i.e. "exclusivity"), cooperation in the development of airports in isolated or backward areas, guarantees against discrimination, including the definition of prohibited areas and the development of customs regulations, etc.

(6) The conference would also assign to the Commission duties in respect of safety regulations, aids to navigation and other technical matters which appear to be of common interest.

(7) At the end of the transitional period, a further air conference would be held at which time the whole convention would come up for review along with the powers and duties of the Commission. On the basis of experience and data then at hand, the question of increasing the powers of the Commission would be reconsidered.

14. However, the reluctance of the U.S. representatives to grant effective regulatory power to an international body and their tendency to advance domestic political difficulties as a reason for refusing power to an international tribunal have very serious implications not merely for civil aviation but for the whole field of international organization.

15. The establishment of a general international security organization may make easier the achievement of working arrangements in specific fields. Nevertheless, the United States counter proposals, leaving as they do to each government the right to increase of its own accord its initial allocation of frequencies, would be likely to lead to undesirable results. The United States would probably be one of the few countries in a position to increase frequencies extensively and might embark upon a heavy programme of expansion. Once initiated, services are not likely to be dropped. Moreover, if it is not possible to grant power to an international authority now, it is much less likely this could be done at a later period.

16. There are a number of serious difficulties in the U.S. approach to the problem which must be examined, in particular to see if any effective measures of international control may be found which could apply to the proposed initial allocation of services and to any changes in frequencies during the transitional period.

J. R. BALDWIN

**227.** DEA/72-MK-40

*Mémorandum du bureau du Conseil privé*
*Memorandum by Privy Council Office*

[Ottawa,] April 5, 1944

The basic problem involved is the acceptance by the United States of measures of control which would prevent unhealthy and chaotic conditions from developing during the transitional period.

*Initial Allocation of Frequencies*

Perhaps the easiest method of making an allocation would be by more or less arbitrary division without attempting to use any highly complicated system of measuring the number of frequencies to be given to each country. However, since the U.S. authorities are of the opinion that a detailed set of principles to govern allocation would be desirable, the following might be considered:

(a) In-going and out-coming passenger traffic in 1939;

(b) In-going and out-going mail in 1939;

(c) Number of miles flown by national commercial airlines, domestic and international, 1939;

(d) Number of nationals trained as air crew;

(e) Number of air bases of a standard suitable for designation as ports of entry of international trunk routes; (This may not be an acceptable standard to some of the lesser nations, particularly those in Europe, whose territory has been occupied.)

(f) Activities in the field of military air transport; (This would be of benefit chiefly to the U.S., the U.K. and possibly the U.S.S.R. Canada, however, would probably fare much better under it than the balance of the United Nations.)

Once information was available for each country concerned on the points listed above, the allocating committee would set routes and frequencies after consideration of the requests presented. It is open to question whether a weighted index should be drawn up on the basis of the information received, and applied rigidly in measuring each request; or whether because of the complications and inflexibilities in this procedure, the committee should act with a greater measure of freedom, it being understood that its decisions would be based in general upon the information supplied under the headings above and that in addition it would give reasonable consideration to security arguments which might be advanced by any government in connection with its requests.

The plan for an initial allocation might be more acceptable if it was understood that any country would have the right to operate at least one service on a basic minimum frequency (which might be set at either once

weekly or once fortnightly) in any region defined by the exploratory committee and in which that country might be directly interested.

*Control during the Transitional Period*

The most important point of difference in the exploratory conversations was the desire of the U.S. representatives to avoid any measure of international control during the transitional period, and to allow each government to add its frequencies whenever it desired.

At the beginning of the transitional stage there should be a short period during which the initial allocations would be frozen. This period might run from four to six months. Otherwise certain countries would be likely from the very beginning of the period to increase their services and the initial allocation would be of little value. Following the period of freezing, certain general principles might be set down to cover any modification or extension of frequencies. Any nation wishing to initiate international services for the first time would be granted the basic minimum right to operate a service as mentioned above. Extensions of existing frequencies could be based upon either considerations of security or upon demonstration of traffic potential. If an addition to an existing frequency or the initiation of a completely new route should be proposed on security grounds, the proposals might be subject to the approval of the general international security organization.

If proposals were based on traffic reasons, there should be some criteria for measuring their desirability. If the addition of another frequency, (e.g. from 5 trips a week to 6 trips a week) on an existing route were intended, it might be understood that the new frequency would be initiated only if the existing service were running at an overall average of 60% to 70% capacity, (or whatever percentage might be accepted as a standard by the allocating committee). It should be noted that the adoption of any rules to govern increased frequencies would require as a corollary some agreement regarding rate structures since otherwise cut-throat competition would develop in order to win the traffic which would be the only means of obtaining increased frequencies.

The question of new services on new routes in any given region during the transitional period is more difficult. There would be little value in regulation of frequencies on existing routes unless there was also some measure of control over initiation of services on new routes. Otherwise expansionist elements could break down any working arrangements. It might be a partial solution to suggest that any new service should be based upon the traffic in the region concerned carried on the existing services of the country wishing to open the new service and a comparatively low standard might be set; e.g. operation at 50% of carrying capacity. On the other hand, this might not be satisfactory in instances where the criteria suggested would not be fair because the initiation of new services would tap new traffic. Under these conditions, it would appear that the country wishing to initiate a new route might be granted a frequency for a trial period which in no event would last after the end of the transitional period. It might be stipulated that the service would be withdrawn unless a

given degree of economical operation was proven, again based on carrying capacity.

*Commercial Outlets — Initial Allocation and Subsequent Changes*

Presumably under the U.S. proposals, services operating under the initial allocation would have the advantages of the four freedoms and in addition, at the time of the allocations, intermediary countries on each route would declare whether they wished to grant full rights of commercial outlet. Thus the initial allocations would cover not only routes and frequencies but commercial outlet as well. Any subsequent changes involving additional commercial outlets could be made subject to the consent of the governments directly concerned, or to the consent of the international air authority, or to both. (The U.S. is likely to prefer only the consent of the governments concerned. This would not be contrary to the principles of the Canadian draft convention since at least freedoms three and four would be recognized.)

*Changes in Routes*

During the transitional period, changes in service on any route already established might be made subject either to the consent of the governments concerned, the international authority, or both. Here again, the U.S. is likely to prefer the first. Control or modification of routes is probably less important than control of new services and additional frequencies and if these latter points should be gained, then it might be feasible to allow modifications of route with the consent only of the governments concerned. For example, Canada might be operating a direct service to London with a frequency of five times weekly. The extension of the Canadian service to Paris might be made subject only to the consent of the Canadian and French governments as long as it was understood that this did not involve an additional number of Canadian frequencies within the North Atlantic region. It would, of course, be preferable if such extensions were subject to the approval of the authority.

*Inter-regional Connections*

One of the points raised by the U.S. representatives which requires clarification is the position under the Canadian plan of services entering or crossing more than one region. Under the Canadian convention, these would come directly under the jurisdiction of the International Board rather than Regional Councils. The U.S. in accordance with their general approach would apparently prefer to have the principles governing such services defined further in respect of frequency control.

A service entering or crossing more than one region might be considered as a service in each region in which it possessed any rights of commercial outlet. If, however, a regional service crossed the boundaries of that region and terminated in a port of entry within a second region, without travelling any distance into the second region, some special arrangements might be required. This could easily be covered under the Canadian convention by allowing the Council in the second region in question to pass on the right of entry.

The basic principle to be kept in mind, however, is that any service should be based in the country establishing it. Thus the U.S. might operate a service from New York to India; it should not be considered as a series of separate links but in applying the freedoms of the convention and the principles suggested above, it should always be considered as a New York to India service. Otherwise attempts might be made to apply these principles to, for example, a U.S. service operating between Paris and Turkey or between Turkey and India.

*Use of General Principles during Transitional Period*

Assuming that certain general principles are accepted which govern modifications of frequencies, routes and outlets during the transitional period, it remains to be decided who would apply these principles and supervise their relation to existing services. The U.S. would prefer that the international air authority should watch over the application of these principles but should merely have powers of recommendation to governments. The Canadian approach is that the authority should actually possess power to apply these principles and that governments should be compelled to act in accordance with the decisions of the authority. A half-way measure might be to leave the authority powers of recommendation only but have all governments bound under the convention to act in accordance with principles which would be spelled out in it.

*Export Capital*

U.S. representatives were somewhat concerned over the possibility of U.S. capital which had been unable to gain in the U.S. privileges for international air services moving to a foreign country and there establishing airlines which would seek the same international privileges. There could certainly be no objection to this as long as it was subject to the consent of the foreign government concerned and as long as the international air services set up did not operate back to the U.S. Or, taking a Canadian example, the Canadian government could scarcely prevent, under normal conditions, the C.P.A. from setting up an air carrier in Mexico as long as the Mexican government had approved such a step nor could it object if that air carrier sought international rights in other countries. Perhaps it should, however, be able to prevent that carrier from operating an international air service to Canada which if based in Canada would not have been approved by the Canadian government.

This problem might be met by allowing, in the Canadian convention, any government the right to refuse entry to an international air carrier controlled by domestic capital but based in another country.

J. R. B[ALDWIN]

**228.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET Ottawa, April 12, 1944

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INTERNATIONAL CIVIL AVIATION; PRELIMINARY DISCUSSIONS

11. THE SECRETARY submitted a report upon recent exploratory discussions in Montreal between Canadian and U.S. representatives. Copies of the report had been circulated.

(Privy Council Office memorandum, April 4, 1944 — C.W.C. document 748).

12. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS said that reports had been received from the U.K. government upon the subsequent conversations in London between U.K. and U.S. representatives, indicating that these discussions in London had followed somewhat similar lines and had been based, in part, upon the Canadian draft convention.

Soviet representatives were now going to Washington for bilateral conversations with the United States and, later, would probably go on to London for similar talks with the British. It might be desirable to invite them to visit Ottawa for an exchange of views on their way to Britain.

(Telegram Circ. D. 537, Dominions Office to External Affairs, April 10, 1944).[1]

13. THE WAR COMMITTEE noted the reports submitted and agreed that the Russian representatives should be invited to visit Ottawa for exploratory conversations.

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**229.** DEA/3-Cs

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs*
*to Ambassador in Soviet Union*

TELEGRAM 69 Ottawa, April 13, 1944

SECRET. Please inform Soviet Government that we should welcome a broad exchange of views with them on civil aviation questions, and enquire whether they would like to arrange for their representatives at United States-Soviet talks to come on to Ottawa after their conclusion.

I understand the United Kingdom Government have already extended similar invitation to Soviet civil aviation delegation to visit London. They might be able conveniently to come to Canada before going to the United Kingdom,

in same way as United States civil aviation delegates came to Canada for informal discussions prior to their visit to United Kingdom.

**230.** DEA/7-BWs

*Le sous-secrétaire d'État adjoint aux Affaires extérieures au premier secrétaire, le haut commissariat en Grande-Bretagne*

*Assistant Under-Secretary of State for External Affairs to First Secretary, High Commission in Great Britain*

MOST SECRET Ottawa, April 17, 1944

Dear Mr. Ritchie,

Your letter of March 11th describing your discussions with the P.H.P. Sub-Committee on Civil Air Transport and Security Problems and your letter of March 23rd enclosing a memorandum of your conversation with Mr. Le Rougetel on this subject[1] have been reported to the Working Committee on Post-Hostilities Problems — as you will have noted in the minutes of the meetings of March 16th[2] and March 30th.[3] On the whole the Working Committee felt considerably encouraged both by the consideration given to its views and by the interpretation offered of the meaning and purpose of the P.H.P. paper.

2. There are undoubtedly, however, substantial differences between the conception of the Sub-Committee and the Working Committee on the achievement of international security. We are anxious not to appear as irresponsible "amateurs" in advocating such proposals as the international control of intra-Commonwealth air lines, and we are by no means unaware of the real problems faced by the United Kingdom because of her responsibility for the security of the Colonial Empire. Our views are based, however, on the conviction that the Colonial Empire as well as ourselves can find security only within the framework of an international system. (This seems to us to be the lesson of the events of the past two years in South-East Asia.) Such an international system will be admittedly difficult to achieve, but there is no practicable alternative.

3. You have already received some indication of the Working Committee's views on the questions of international security to which you refer. In view of the statement by Mr. Le Rougetel that he did not think the United Kingdom was thinking in terms of a revived League of Nations, it may be asked what was meant by paragraph 2 of the notes given to Mr. Eden for his guidance at the Moscow Conference. In this paragraph, which you will find in Circular telegram D.770 of October 9th,[4] it is stated that the United Kingdom holds strongly "to a system of a League of Nations." Is it possible that Mr. Le Rougetel meant *the* League of Nations and not *a* League of Nations? Although the Working Committee has not considered international political organization it is assuming that there will be some form of World Council. As for the "pooling" of armed strength, the Working Committee's previous comments on the military organization are based on an acknowledgement of

the fact that security must be maintained for some time at least by the "pooling" of strength among the "peace-loving nations" coupled with a desire to experiment with a "collective" or truly international force.

4. It would be desirable, as you suggest, that the term "internationalization" be defined carefully when it is applied to civil air transport. The Canadian Government as you know, has not proposed international operation of air lines, and we are pleased to learn that the P.H.P. Sub-Committee is not opposed to international regulation. It is the Canadian view, of course, that regulation implies a good deal more than agreement on safety devices.

You will no doubt be receiving further views from the Working Committee on these questions.

Yours sincerely,

H. H. WRONG

**231.** DEA/62s

*Mémorandum du bureau du Conseil privé*

*Memorandum by Privy Council Office*

SECRET Ottawa, April 18, 1944

PRIME MINISTERS' CONFERENCE, 1944
INTERNATIONAL AIR TRANSPORT[37]

*Commonwealth Conversations, 1943*

In May 1943, the U.K. suggested exploratory conversations in London among representatives of the members of the Commonwealth regarding international air transport policy. Canada, in return, proposed that the U.S. also be invited to participate. The U.K., however, held to its desire for preliminary Commonwealth conversations and after discussion during the Quebec Conference, Canadian representatives agreed to participate.

These conversations took place in London in October 1943. The paramount importance of security in any settlement of questions of international air transport policy was recognized at that time and a broad tentative outline of an international air transport authority was drawn up. A report on Commonwealth cooperation was also prepared. The Canadian representatives made it clear at that time that any measure of Commonwealth cooperation must be within the framework of a broader international organization, must be non-discriminatory and non-preferential, and should not be attempted until more definite plans for an international air authority had been laid.

It was understood, at that time, between U.K. and Canadian representatives that the next stage would be conversations between Lord Beaverbrook, Mr. Howe and U.S. representatives.

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[37]Pour les discussions à la réunion des premiers ministres, voir le document 765.
For discussions at the Prime Ministers' meeting, see Document 765.

There was evident among some of the U.K. representatives, a strong desire for a Commonwealth system of air transport and a unified front. This became apparent in Lord Beaverbrook's idea that he and Mr. Howe would represent the London meeting in the proposed discussions with the U.S. The Canadian government subsequently made its position with regard to any closed system of Commonwealth cooperation quite clear again when it pointed out that Mr. Howe would in any such discussions represent only the Canadian government.

*Canadian Draft Convention*

The Canadian draft convention providing for the establishment of an international air transport authority was based directly upon the sub-committee report formulated during the London discussions. It was made public on March 17, 1944.

*United States Position; Bilateral Talks*

After the London meeting, further consultation took place with regard to the next step in international discussions. The U.S. came forward with a proposal for an exploratory meeting between representatives of Canada, the U.K. and the U.S., and possibly the U.S.S.R. and China. At this point, Australia found it necessary to claim that, if Canada was to be represented, Australia also should participate in the discussions. The U.K. supported the Australian proposals, suggesting to the U.S. that all the members of the Commonwealth be invited. This proposal was, of course, unacceptable since the U.S. had intended that the discussions be limited to the major air powers. A further U.K. suggestion that a United Nations conference of some 14 nations be held at once was greeted in Washington as premature.

As a result, the U.S. has embarked upon a series of bilateral exploratory conversations, a procedure less satisfactory from the Canadian point of view than the original idea of tripartite conversations. Those with Canada and the U.K. have already been completed; those with Russia are under way and it is likely that subsequent conversations with China, Brazil and possibly one or two others may follow. After this, if a sufficient basis of agreement appears to exist, a United Nations conference may be called. Mr. Berle has suggested that this might take place in the early autumn. Lord Beaverbrook has offered the opinion that it would be preferable to wait until after the U.S. presidential elections.

The U.S.S.R. aviation representatives now in Washington have been invited to visit both Ottawa and London for further bilateral conversations.

*Canadian, U.S. Views*

The chief difference of opinion between Canada and the U.S. is in respect of the extent of authority to be given to an international agency. The U.S. desires to obtain the right of transit; that is, the right to fly planes anywhere without requiring the specific permission of the governments concerned (Freedoms 1 and 2). Canada holds that this right should be granted only if sufficient regulatory powers were given to an international authority. This the U.S.

representatives were very reluctant to accept, frankly basing their objections in part upon political difficulties, and adding that if any control was given to an international body, specific criteria for its guidance should be set down.

*U.K.-U.S. Talks*

The U.K.-U.S. conversations followed a similar line with the U.K. representatives supporting the principles of the Canadian convention. The U.S. repeated its objections and eventually it was agreed that the sub-committee report upon which the Canadian convention was based, prepared during the Commonwealth conversations in October 1943, should be studied by the U.S. as a possible basis for the agenda for a United Nations conference.

This may be considered only moderately satisfactory progress. The U.S. have not lost their reluctance to grant any effective measure of control to an international authority. Apart from the question of the extent of Commonwealth cooperation in the air, which has not been raised recently, the Canadian and U.K. governments seem to be in general agreement upon the broad international approach which is desirable. There is no reason to believe that the other members of the Commonwealth are in disagreement with this approach although the joint Australia-New Zealand statement recommending the internationalization and international operation of main international air trunk routes[38] does go considerably beyond the Canadian approach. Canadian representatives are at present engaged upon an attempt to see if a set of general principles can be found to govern the exercise of control by an international authority which would be satisfactory to the U.S. government and would make an effective international authority more palatable to U.S. opinion.

*Conclusion*

1. The U.K. position with regard to Canadian and Australian representation in international discussions has serious implications. If the British attitude is to be that when one dominion is to be represented in international discussions the U.K. must support the claims of the others for like representation, this is bound to strengthen suspicions of a united Commonwealth front. This position is directly opposed to the Prime Minister's definition of the functional principle, and will certainly prove an impediment to full Canadian participation in international organizations.

2. There is always the likelihood that, at some stage, if the United Nations generally fail to achieve the necessary degree of cooperation and particularly if the U.K. are unable to bring about an adequate harmony between their own and U.S. policies in the broader sphere, the United Kingdom may well turn to the other members of the Commonwealth with strong propoasls for an Empire or Commonwealth system of air transport.

3. The U.K. and U.S. representatives have agreed that cabotage, that is domestic traffic, should be reserved to domestic airlines and that traffic

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[38]Voir Grande-Bretagne:/See Great Britain:
*British and Foreign State Papers*, Volume 145, 1943-45, London, Her Majesty's Stationery Office, 1953, pp. 530-9.

between a parent country and its colonies shall be considered domestic traffic. This might have serious results for Canada if the U.K. should consider traffic between the U.K. and Newfoundland as cabotage traffic reserved only for U.K. airlines.

4. The Canadian and U.K. positions in respect of bases in Newfoundland are dealt with elsewhere but the inability to achieve satisfactory settlement with respect to Canadian rights (e.g. at Goose) may prejudice the strength of Canada's position in the whole field of international air transport.

J. R. BALDWIN

**232.** DEA/72-MK-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

TELEGRAM 149 Moscow, April 9, 1944

SECRET. My telegram No. 129 of April 17th,' Civil Aviation.

1. Soviet Government have replied to our invitation for their delegation to visit Ottawa after the conclusion of talks in Washington. While receptive to proposal for an exchange of views with the Canadian Government, they feel that time and place of such discussions can only be examined and decided definitely after conversations in Washington.

2. My interpretation is that the Soviet Government wants to discourage our pretensions to participation on basis of equality with Great Powers even where functional principle applies. They probably feel they have enough difficulty in dealing with two Great Anglo-Saxon Powers without admitting a third little Great Anglo-Saxon Power to inner circle.

**233.** DEA/72-MK-40

*Mémorandum du premier secrétaire*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from First Secretary*
*to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] May 29, 1944

Discussions between the United States and Chinese Governments on international aviation are taking place in Washington. The Chinese delegation is a small one and is headed by a Mr. Chang, who is an ex-minister of Communications in the Chinese Government. He has been in the United States for some time although not in an official position (he had been asked by the Generalissimo to make a study of postwar civil aviation problems) and it does not seem likely that he will be returning to China immediately his discussions with the United States Government are over.

I think it would be worth while to extend an invitation to the Chinese Embassy to have this delegation come to Ottawa when the Washington talks are finished. The views of China cannot command the same attention as those of the Soviet Union to whom we have already extended an invitation, but the Chinese position will be a factor of some importance in reaching an international agreement. An exploratory talk would therefore appear useful.

The Chinese Government have already expressed an interest in our draft convention through Roy Peers.[39] They requested and obtained copies of the draft convention and of Mr. Howe's speech of March 17, and the Chinese Embassy in Washington has told our Embassy that they would like to have an informal talk with a view to getting an oral explanation of some of the points.[40]

R. M. M[ACDONNELL]

**234.** DEA/3-Cs

*Mémorandum du premier secrétaire au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from First Secretary to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] July 6, 1944

Dominions Office telegram Circular D. 973' contains various items of information about aviation, some of which we have already received from our own Embassy.

2. The most important of these is that the United States may be expected to approach the United Kingdom shortly for permission to operate airlines after the war in territory controlled by the United Kingdom. This is not surprising for when the Civil Aeronautics Board announced the routes which the United States would like to operate, it could be anticipated as probable that the State Department would want to open negotiations with other governments before long.

3. The Canadian Government will be faced with an important decision when approached by the United States Government. Our only hope of having anything like our draft convention accepted is to use transit rights across Canada as a bargaining card. Obviously if we grant permission for United States airlines to cross Canada on the way to Europe without reference to the general framework of postwar aviation, our bargaining position disappears. It is therefore essential that we should not consider representations from other governments for transit or landing rights except as part of a general settlement.

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[39]Officier de liaison entre la Direction chinoise des approvisionnements de guerre à Ottawa, et le gouvernement du Canada.
Liaison Officer between Chinese War Supplies Agency, Ottawa, and Canadian Government.

[40]Notes marginales:/Marginal notes:
I have recommended this to the P.M. 12-6-44. [N. A. Robertson].
I agree. H. L. K[eenleyside].

4. The United States Government can be expected to urge strongly that the difficulties of reaching a multilateral agreement will bring about a long delay and that United States airlines must not be subjected to such a delay when the whole thing could easily be fixed up in a friendly series of bilateral talks. Nevertheless, I think we should tell them if they approach us that the future of air transport is too important to be settled piecemeal in bilateral deals and that we are not prepared to enter into negotiations (except on purely Canada-United States and Canada-Alaska services) until the international conference is held.

5. We might inform the United Kingdom to this effect and ask whether they would be prepared to adopt the same position.[41]

R. M. M[ACDONNELL]

**235.** DEA/72-MK-40

*Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur de Chine*

*Under-Secretary of State for External Affairs to Ambassador of China*

Ottawa, July 11, 1944

Dear Dr. Liu:

We have observed with interest that discussions have been taking place in Washington between representatives of the Chinese and United States Governments on the subject of post-war international aviation. This, as you know, is a subject in which the Canadian Government is deeply interested, and on which an exchange of views between our two Governments might be mutually helpful. I have, therefore, been asked to enquire whether the Chinese Government would be agreeable to entering into informal and exploratory conversations with the Canadian Government at an early date.

It is possible that the Chinese delegation which has been participating in the discussions in Washington would be able to pay a visit to Ottawa at the conclusion of their discussions with the United States Government. It would give the Canadian Government great pleasure to receive the delegation, and I shall be glad to learn your Government's views on the subject.

Yours sincerely,

N. A. ROBERTSON

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[41]La note suivante était écrite sur ce mémorandum:
The following note was written on this memorandum:
See Pearson's letter re his talk with Pogue. H. L. K[eenleyside].

**236.** DEA/3-Cs

*Le chargé d'affaires, l'ambassade aux États-Unis, au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Under-Secretary of State for External Affairs*

DESPATCH 1728 Washington, July 11, 1944

Sir:

In our teletype No. 4074, July 7,[1] we reported to you on what the Aviation Division of the State Department had told us about the progress of the bilateral talks which the United States is conducting on international air transport and on the probability that the Aviation Division now contemplates a continuation of the pre-war regime in the air under which transit and landing rights were secured by bilateral agreements. The Dominions Office has reported to you, (on information secured from Mr. Morgan, the chief of the Aviation Division), that in these talks a good deal of emphasis has been placed by the United States on their desire to secure transit and landing rights for United States airlines on the specific routes suggested by the Civil Aeronautics Board. The Dominions Office has also reported to you that the Aviation Division has indicated to the British Embassy that the United States may shortly approach the United Kingdom for permission for U.S. airlines to operate during the postwar period along these C.A.B. routes. Finally, we have reported to you the informal suggestion made by Mr. Pogue of the C.A.B. that Canada and the United States should make a bilateral air transport agreement without waiting for the conclusion of the international talks. Mr. Pogue did not suggest that such a bilateral agreement be confined to cross-border services between Canada and the United States.

2. It is too soon to say definitely what all this adds up to. It does, however, give me an uneasy feeling that the bilateral talks may be taking a turn which is not in the general interest.

3. It was to be expected that in the bilateral talks the United States would bring up its own programme for establishing United States airlines on international routes. This would help to make clear the kind of problem which an international air transport authority would have to deal with. It would also help the other countries to understand what the practical effect would be of the grant of certain freedoms of the air. It would be an entirely different thing, however, for the United States so to conduct the bilateral talks that they practically become preliminary conversations leading up to the conclusion of old-fashioned bilateral agreements on transit and landing rights. The line cannot be drawn precisely, but it does exist and it seems to me that the United States is in danger of overstepping it. I think that they will certainly overstep it if they should approach the United Kingdom government for permission for United States airlines to operate during the postwar period in United Kingdom controlled areas along the routes suggested by the Civil Aeronautics Board, or if they should approach the Canadian government to make an agreement which

would cover not only cross-border services but also transit and landing rights for United States airlines crossing Canada en route to Europe or Asia.

4. The possibility thus exists that the practical result of the bilateral talks which the United States is conducting will not be to prepare the way for an enlightened multilateral convention to achieve the objectives set forth by Mr. Berle in London, but will be to prepare the way for the conclusion by the United States of bilateral agreements under which the United States will secure the transit and landing rights which it needs in order to establish United States airlines along the routes suggested by the Civil Aeronautics Board.

5. This would be a dangerous and an unforeseen outcome of our having acquiesced in the United States conducting these bilateral talks. Surely the assumption on which the nations of the Commonwealth have been proceeding is that, by a self-denying ordinance, no state would seek post-war air rights in other states until an international conference had been held to determine the kind of international regime in the air which would govern after the war. If the United States, prior to the holding of such a conference, acts on the assumption that the conference is going to fail and goes ahead with making preparations for concluding bilateral agreements then all the waters will be muddied. Every other nation with ambitions in international air transport will immediately start trying to get rights in as many foreign countries as possible. There may even be a scramble for preferential rights. A competitive struggle will break out between the chief air powers of the United Nations and, to borrow language which Dr. W. C. Clark has used in another connection, the driving force of national and commercial prestige, the instinct of self-preservation, the lack of any basis of confidence in the possibilities of organized international cooperation will more and more drive harassed and hard pressed governments to follow selfish, restrictive, unilateral or bilateral policies.

6. The tragedy of the situation will lie in the fact that this sort of development is not inevitable. It is, I think, possible to reconcile our general approach to the problem of international air transport with that of the United States. The main reason why the United States opposes an effective international air transport authority is that it is afraid that such an authority would make an inequitable allocation of frequencies on routes such as the North Atlantic and would then freeze that allocation. I think, however, that they could be persuaded that the initial allocation of frequencies is of minor importance and should not, therefore, constitute an insuperable obstacle to the conclusion of an effective international air transport convention provided that the convention contains a fair and equitable formula for increasing frequencies. The debate would then turn on the fairness and equity of the formula, and the United States Administration and Congress would have little or no reason to dispute the fairness and equity of the payload formula now being considered by our Air Transport Committee under which any state already operating on a given route should be allowed to increase its frequencies if operating with an average payload of more than 60 per cent of carrying capacity.

7. I, therefore, believe that an international air transport conference need not demonstrate a bankruptcy of statesmanship.

8. If this is so, the immediate problem is to try to prevent the waters from being muddied before that conference meets. I am not certain how that can best be done. The only suggestion which has so far occurred to me is that the powers of chief importance in air transport (i.e. those participating in the bilateral talks in Washington) should as soon as possible subscribe to a joint public declaration that they will not, prior to the holding of an international air transport conference, make any commitments to any other state on landing and transit rights or seek such commitments from any other state.

9. It should be easy to get a number of the states other than the United States to subscribe to this declaration, since, if the United States can get assurances before the international air transport conference meets that it will be able to get by bilateral agreements the transit and landing rights which it wants, it will be under no pressure at the conference to agree to the establishment of an effective international authority. It is, therefore, clearly in the interests of the nations which want an effective international authority to take whatever steps they can to preclude the possibility that the United States will come to the conference with bilateral agreements more or less sewn up.

10. There are two main difficulties in putting the proposal before the United States. The first is that they may interpret it as a reflection on their good faith. The second is that they may fear an adverse reaction in Congress where members may argue that the Administration has supinely agreed to refrain from doing anything to promote United States international airlines until foreign countries have given their consent. The first point might be met by saying that the long delay in the calling of the international conference makes the declaration necessary, the second by arguing that even without the declaration the United States cannot establish international air lines anywhere until foreign nations have given their consent.

11. Where Mr. Berle stands on all this I am not sure. Mr. Reid gained the impression from his last talk with him on June 19 (our despatch No. 1551 of June 20)[1] that Mr. Berle might almost welcome being forced by other countries into going at least half way to meeting our proposals. On the other hand, he would no doubt like to get the reputation of being able to persuade foreign countries to accede to the United States views.

12. The whole situation is, I am afraid, becoming confused and the confusion may well interfere with progress in this extremely important matter.

I have etc.

L. B. PEARSON

**237.** DEA/3-Cs

*Mémorandum du premier secrétaire*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from First Secretary*
*to Under-Secretary of State for External Affairs*

[Ottawa,] July 13, 1944

This despatch, No. 1728 of July 11, from Washington emphasizes at some length the danger which I mentioned in a memorandum several days ago[42] of the United States making bilateral deals with other countries on aviation. The remedy suggested in paragraph 8 is, I think, pretty effectively ruled out by the arguments in paragraph 9.

2. Because the main routes in which the Civil Aeronautics Board are interested require the consent of the United Kingdom or Canada or both, I think that those two Governments could put the international discussions back on the rails by quietly intimating to the State Department that they would not consider questions of landing and transit rights in advance of a general conference. I am therefore repeating my suggestion that we approach the United Kingdom and attempt to secure their concurrence in this approach to the problem in the interest of a workable general settlement.

3. Failing that, I think we could take advantage of our especially close relations with the United States and inform them frankly and confidentially that we would be disturbed if the approach to a settlement took the form of separate bilateral arrangements and that we felt that we must abstain from such discussions. By refusing to negotiate (on anything but cross-border services) we could do a good deal to slow up the proceedings though we might incur considerable criticism if we were the only holdouts. A combined approach with the United Kingdom and perhaps other governments would be better.

R. M[ACDONNELL]

**238.** DEA/3-Cs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1080 London, July 28, 1944

SECRET. My telegram July 18th, Circular D. 1036,* Civil Aviation.

1. We have been further considering position in regard to future of civil aviation in light of our talks with United States representatives and information which we have received regarding United States attitude in other bilateral conversations which they have held. We have noted also the extent of United

[42]Document 234.

States plans for participation in international air services as shown by recent announcement of Civil Aeronautics Board regarding routes considered suitable for United States operators.

2. It seems to us that time has come when in pursuance of the preliminary discussions held during the Commonwealth meeting last October it would be profitable to make further progress with practical plans for air services connecting the various countries of the British Commonwealth. We suggest that this might most usefully be advanced by an informal Commonwealth meeting between experts on the official level to make definite recommendations for the consideration of the Governments. Topics which would require to be explored at such a meeting would be:

(1) Basis on which the members of the Commonwealth might participate in the organisation of such air services. In this connection we have seen with interest the provisional scheme drawn up by the Australian Director General of Civil Aviation and can ourselves put forward some tentative proposals.

(2) The routes to be followed.

(3) Matters subsidiary to the foregoing such as ground organisation, uniformity of equipment, etc.

3. We hope that you will feel able to agree in principle to this proposal and should be glad of earliest possible advice as to your views. Further consideration could then be given to place and time of meeting which we hope could take place in the near future. Ends.

**239.** DEA/3-Cs

*Le chargé d'affaires, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Under-Secretary of State for External Affairs*

Washington, July 28, 1944

Dear Mr. Robertson,

I attach a letter to you of today's date[1] reporting on a conversation which Reid had yesterday with Morgan, head of the Aviation Division of the State Department, on the general question of international air transport policy. In some respects this report is encouraging since it is clear that the Aviation Division realizes the danger of a competitive struggle taking place for transit and landing rights.

The State Department now seem to acknowledge that their bilateral talks were a mistake and that they have failed in these talks to find a common basis of agreement on international air transport policy. Since the United States has acknowledged its failure, it seems to me that it is now open to any other nation that so desires to try its hand at finding a general basis of agreement which would warrant the holding of a preliminary international conference. Moreover, the United States may mean by failure, failure to persuade other

countries to agree to their proposals. I would think, therefore, that the way is now open to Canada to embark on bilateral discussions itself in an effort to discover what sort of amendments might be made in our draft convention in order to make it a satisfactory basis of discussion at a preliminary international conference of the eight powers or so principally concerned.

The Soviet representatives in Washington are now awaiting information from their government on Soviet policy on international air transport. It would be unfortunate if the Soviet Government were to commit itself on this after it has had discussions only with the United States. Would it not, therefore, be desirable to have Mr. Wilgress speak to the Soviet Government and to suggest to the United Kingdom that their Ambassador in Moscow should do likewise.

If, as a result of informal soundings of the nations principally concerned, we come to the conclusion that there is a reasonable chance of reaching agreement on the general principles which should govern international air transport after the war, then, in reply to the United States proposal that an eight-power meeting be held to discuss a tentative allocation of routes and frequencies, we could suggest that the meeting discuss not only this question, but also the question of the framing of an international air transport convention. It might at that time be useful to let the United States know the kind of amendments which our Air Transport Committee is thinking of making in our convention, and to find out how far they go to meet United States views.

Mr. Morgan did not list the eight powers which he considers to be those principally concerned in international air transport. I would think, however, that they would be the U.S.A., U.K., U.S.S.R., China, Canada, the Netherlands, France and Brazil. Another possibility would be Mexico.

Yours sincerely,

L. B. PEARSON

**240.** DEA/3-CS

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1082 London, July 29, 1944

SECRET. My telegram Circular D. 1080 of July 28th.

*Civil Aviation.*

1. In my telegram of July 18th Circular D. 1036,[1] 1st paragraph, I mentioned possibility of discussion between Lord Beaverbrook and Mr. Berle at Washington. Lord Beaverbrook has now telegraphed that Mr. Berle has informed him that he would like to discuss:

(1) A bilateral agreement, and

(2) Proposed international authority and whether it should be given executive powers.

2. Lord Beaverbrook feels that it would be better for us not to discuss these controversial issues with the United States while Presidential election is pending. He proposes, therefore, to suggest to Mr. Berle that best course would be that the United States should invite all the United Nations to table plans for international air routes which each would wish to operate after the war. In this connection he would refer to the fact that the United States Civil Aeronautics Board has already published particulars of the routes in which the United States are interested. We assume that intention is that the Board would collate the plans when received in response to present proposal. Advantage of this suggestion would, in Lord Beaverbrook's opinion, be that preparation of such plans and the collation would avoid premature discussions while at the same time registering progress in preparations for the proposed international conference.

3. We will keep you informed of any developments at Washington but in the meantime should be grateful for your very early comments on the above. If this suggestion should materialise we should regard the conference on the official level suggested in my telegram Circular D. 1080 as in the nature of joint preparation between several Commonwealth Governments for the replies which they would make to the United States Government.

**241.** DEA/72-MK-40

*Le chargé d'affaires, l'ambassade aux États-Unis, au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Secretary of State for External Affairs*

TELETYPE WA-4521 Washington, July 31, 1944

IMMEDIATE. International Civil Aviaton. We have received a note from the State Department dated July 29th reading as follows:

"The Secretary of State presents his compliments to the Chargé d'Affaires ad interim of Canada and refers to the Department's circular note of June 14th, 1944, transmitting a press statement of the Civil Aeronautics Board of this Government.[1] This statement listed the proposed international air routes which the Civil Aeronautics Board believes may be desirable for post-war operation by United States air carriers.

As mentioned previously, the establishment of these routes will be dependent on the consent of the various Governments through whose territory they would be operated. This will involve considerations of reciprocity in a number of cases, and in this connection the United States Government believes that a world pattern of routes can best be worked out if some of the interested countries will inform each other of their plans in this respect.

The United States Government, having already announced its own projected international air routes, would appreciate receiving any information which the

Canadian Government can supply at this time concerning the latter's tentative plans (excluding services wholly between Canada-United States and Canada-Alaska) on this same subject. A similar inquiry is being addressed to certain other Governments which are also expected to operate international airlines on an important scale.

This Government hopes that such information can be made available promptly, and on a non-confidential basis with permission to transmit copies to the other Governments concerned. In this way a picture of the probable post-war international aviation network may take shape at an early date, thus permitting an intelligent discussion of the needs and requirements of each country and the rights which it can expect to receive from others."

**242.** DEA/72-MK-40

*Le secrétaire adjoint du Cabinet*
*au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Assistant Secretary to the Cabinet*
*to Assistant Under-Secretary of State for External Affairs*

[Ottawa,] August 1, 1944

Since I prepared this note yesterday WA 4521 of July 31st has been received from Washington as well as two personal letters from Mr. Pearson of July 28th[43] dealing with the same subject.

I propose to prepare a brief memorandum[44] covering the points in the attached note as well as the communication from Washington which may be circulated as a War Committee document for consideration tomorrow or else submitted for tomorrow's meeting to Mr. Howe, Mr. Heeney and the Under Secretary of State for External Affairs

J. R. B[ALDWIN]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du bureau du Conseil privé*

*Memorandum by Privy Council Office*

INTERNATIONAL AVIATION — U.K. PROPOSALS
JULY, 1944

Circular D. 1082 of July 29th from the U.K. states that Mr. Berle would like to discuss with Lord Beaverbrook a bilateral U.K.-U.S. agreement and the position of the proposed international air authority in respect of executive powers. Lord Beaverbrook feels that discussion on these controversial matters should be held up pending the presidential election but suggests, as an

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[43]Une seule lettre est reproduite, le document 239.
Only one of the letters is printed, Document 239.
[44]Aucun mémorandum pareil ne fut trouvé./No such memorandum was located.

alternative, that the U.S. invite all the United Nations to table plans for proposed international air routes.

In circular D. 1080 of July 28th the U.K. advanced a suggestion of a meeting at official level to make recommendatons for the consideration of Commonwealth governments regarding plans for air services within the Commonwealth.

The Canadian attitude, which would be conveyed to the U.K., should be generally as follows:

(1) While bilateral conversations may serve a useful purpose at present we are of the opinion that the conclusion of bilateral agreements at this stage would injure the chances of achieving a satisfactory multilateral agreement. The proposed United Nations conference on air transport matters should be proceeded with before nations embark upon a programme of bilateral bargaining. After an international conference it will be easier to see what should be left to bilateral arrangements, whereas if this order were reversed bilateral arrangements would probably injure the chances of achieving multilateral agreement.

(2) While there could be no particular objection to an invitation from the U.S. to other nations to table plans for postwar international air routes, this tabling should be with a view to consideration of the information by the international conference. The desirability of leaving collation of these plans to the U.S. Civil Aeronautics Board which the U.K. indicates in para. 2 of D. 1082, is questionable. This may not, however, be serious since presumably all plans will be made public and any nation will be free to embark upon its own collation.

(3) With regard to the U.K. proposals for discussion of Commonwealth services, if the intention is to prepare a closed Commonwealth scheme and reach definite agreement between the Commonwealth governments at once, I think the scheme is subject to the criticisms suggested above in respect of bilateral agreements.

The U.K. proposals are somewhat confusing in this respect. On the one hand they suggest preparation of a plan for Commonwealth air services and definite recommendations to be submitted to the Commonwealth governments concerned. On the other hand in circular D. 1082 they indicate that while the meeting would mark out routes, proposals would subsequently be advanced individually by the separate nations of the Commonwealth in response to the U.S. invitation for a tabling of proposed routes. This latter suggestion would seem to indicate that Commonwealth air services are to be broken up among members of the Commonwealth and that any plan for a single Commonwealth operating company has been dropped, for any proposal of such a single company would mean that each Commonwealth government when invited by the U.S. would come forward with the same scheme. Nothing would be more calculated to arouse suspicions of a closed Commonwealth front.

Canadian interests would best be served by, on the one hand, continuing to press for a satisfactory multilateral arrangement yet at the same time

embarking upon bilateral discussions with the countries which are most likely to be directly concerned in Canadian international air services. In the discussions we would not only support a multilateral solution but would clear the way for any bilateral agreements which may become necessary. The nations concerned would be the U.K., U.S., U.S.S.R., China, Australia, New Zealand, Brazil and possiby France, Mexico and the Netherlands. The meeting proposed by the U.K. would provide an opportunity for exchange of views with the U.K., Australia and New Zealand. Subsequently discussions with other countries could be held.

There would be little point in completely refusing the U.K. invitation if, after a delay of some weeks or months, we are to accept it as happened in the case of the last U.K. invitation on this subject.[45] It would probably be better to agree now to participate but to stipulate definitely that the meeting would be informal and exploratory and that we will not commit ourselves at this stage to join a Commonwealth scheme since we feel that the exact role of Commonwealth air services may best be settled after a multilateral United Nations air conference or at least after the U.S. states her position. We might at the same time state that we propose to continue with a programme of bilateral discussion with other interested nations.

J. R. BALDWIN

**243.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] August 3, 1944

. . .

INTERNATIONAL CIVIL AVIATION;
U.K.-U.S. PROPOSALS

16. THE SECRETARY reported that the U.K. government had suggested that a meeting be held at the official level to make recommendatons for consideration by the various governments regarding plans for the establishment and operation of air services between nations of the Commonwealth.

The U.S. government had invited Canada, along with seven other governments principally concerned in air transport, to supply information regarding tentative plans for international air routes after the war. It was proposed that this information would provide the basis for an interim international conference to discuss a preliminary allocation of routes and frequencies.

(Telegram Circ. D. 1080, Dominions Office to External Affairs, July 28, and Teletype WA-4521, Canadian Embassy, Washington, to External Affairs, July 31, 1944).

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[45]Voir le volume 9, les documents 618-34./See Volume 9, Documents 618-34.

17. THE MINISTER OF MUNITIONS AND SUPPLY, with reference to the U.S. government's suggestion, saw no objection to making public proposed Canadian international air routes as soon as suitable plans could be prepared.

The U.K. government might be asked to indicate more precisely the purposes of the proposed Commonwealth meeting and, at the same time, their attention might be drawn to the matter of the Goose Bay lease and the importance of settling it before initiating any further Commonwealth discussions.

18. THE WAR COMMITTEE, after further discussion, agreed:

(a) that the U.S. government be informed that the Canadian government would forward to them and make public tentative plans for proposed international air routes as soon as such plans were ready;

(b) that the U.K. government be requested to indicate more specifically the purposes of the proposed Commonwealth meeting; and

(c) that the U.K. government be informed, at the same time, that the Canadian government would wish to have the Goose Bay lease settled at an early date, before proceeding further in general discussions on air transport matters.

. . .

**244.** DEA/27-MK-40

*L'ambassadeur de Chine*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador of China*
*to Under-Secretary of State for External Affairs*

No. 33-E555 Ottawa, August 5, 1944

Dear Dr. Robertson,

I take pleasure in acknowledging the receipt of your letter dated July 11th in regard to the possibility of opening informal and exploratory conversation between the Canadian Government and the Chinese representatives now conferring with the United States Government on post-war international aviation. After communicating with my Government and the Chinese delegation entrusted with the said discussions in Washington, I am now able to inform you that the Chinese Government welcomes the proposal of the Canadian Government and that, as soon as possible after they conclude their labors in the United States, the Chinese delegation will get in touch with me with reference to the exact date of their impending visit to Ottawa.[46]

Yours sincerely,

LIU SHIH-SHUN

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[46]Aucune autre communication ne fut trouvée./No further communication was located.

**245.** DEA/3-Cs

*Le premier secrétaire, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*First Secretary, Embassy in United States, to Under-Secretary of State for External Affairs*

Washington, August 5, 1944

Dear Mr. Robertson:

Mr. Berle asked me to call on him this morning in order to bring me up to date on the discussions on international air transport policy.

He said that when he had spoken to Mr. Howe last week, he had given too optimistic a forecast of what the Soviet attitude was likely to be, and he therefore wanted to correct it immediately. On August 1 he had received from the Soviet delegation to the international air talks a memorandum setting forth the views of the Soviet Government.[47] He regretted that he did not feel at liberty to give me a copy of this memorandum without securing the consent of the Soviet Government. He let me read it, however, and make notes on it.

The Soviet memorandum stated the views of the Soviet Government as follows:

(1) Transit carriage through the U.S.S.R. will be carried out by Soviet planes, and questions regarding the right of transit of goods and passengers will be regulated by special treaties and agreements between the U.S.S.R. and other interested countries.

(2) The Soviet delegation cannot yet give an answer to questions concerning the right of foreign aircraft to fly into the U.S.S.R. and to use aerodromes in the U.S.S.R.

(3) They consider that the main line between the U.S.A. and the U.S.S.R. is the one from New York or Washington to Moscow, via the Azores, Algiers, Cairo and Teheran. They suggested that this might be operated either by a joint U.S.A.-U.S.S.R. company on a parity basis, or as a result of an agreement between the U.S.A. and the U.S.S.R. on the coordination of the appropriate lines of each country. Under such an agreement United States aircraft and personnel would operate from New York or Washington to Cairo and return, and Soviet aircraft and personnel would operate from Moscow to Cairo and return. The necessary arrangements with intermediary states would be made as a result of bilateral agreements concluded by the U.S.A. with those intermediary states and by the U.S.S.R. with those intermediary states.

(4) The question of utilization of airports on a non-exclusive basis required further study by the U.S.S.R.

(5) They agreed to the reservation of the right of cabotage.

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[47] Voir États-Unis:/See United States:
*Foreign Relations of the United States*, 1944, Volume II. Washington, U.S. Government Printing Office, 1967, pp. 518-9.

(6) The U.S.A would shortly receive, through diplomatic channels, a Soviet draft of a U.S.-U.S.S.R. agreement.

Mr. Berle said that unlike most Soviet documents, this memorandum has been badly drafted and is not entirely clear. From conversations with the Soviet representatives, since receiving the memorandum, he thought that the Soviet might not mean precisely what they had said in their first point. He thought that they might be willing to permit foreign aircraft to pass in transit over U.S.S.R. territory, though it looked as if they would insist on foreign aircraft taking on or discharging passengers only at points near the borders of the U.S.S.R.

Mr. Berle said that there were two statements which he wished to make about the Soviet proposals. The first was that the United States would not take these as the final word and would, in the course of their further discussions with the U.S.S.R. representatives, try to persuade the U.S.S.R. to be less unyielding. The second was that the United States did not consider that a refusal by the U.S.S.R. to agree to the operation of international airlines over their territory need prove an insuperable obstacle to other countries entering into an agreement. While it would be advantageous for international airlines to operate over the U.S.S.R., it was not essential that they should do so. Thus, United States airlines to the Far East could operate by way of the Aleutians and Japan.

Following this discussion of the Soviet memorandum, Mr. Berle outlined the procedure which the United States consider should now be followed in the international talks.

The United States had had discussions with the Netherlands on international air transport policy, and the Netherlands had informed them of the international routes they desire to operate. The United States will shortly be having discussions with the Belgians and with India. They felt that when these discussions had been held, no useful purpose would be served by having any further bilateral discussions since in any further discussions they would merely be going over old ground.

They hoped that the countries to which they had sent their note of July 29[48] would shortly be able to give them information on their tentative plans for establishment of international air routes. Such of those countries which replied, showing that they had more than a very limited interest in establishing international air routes would then be invited by the United States to take part in a very informal discussion in an effort to arrive at an informal agreement as to which countries were going to fly which routes. Though he had as yet no precise date in his mind, he thought it might be possible to have this discussion take place about the middle of September. It was then his hope than an international conference on international air transport would be held before the end of the year. He indicated that the date of the holding of this conference would be some time after the presidential election, perhaps at the beginning of December, and that it would be a conference of all the United and associated

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[48]Voir le document 241./See Document 241.

nations. This conference would discuss three problems. The first would be the general kind of international regime in the air which might be established. The second would be a discussion of routes and frequencies, and this discussion would be based on the informal agreement reached at the meeting in September. The third would be a discussion of technical problems.

I said that he must have considered whether it would not be wise, in order to avoid the danger of a competitive scramble for air rights, to postpone any negotiations for bilateral agreements on air rights until after the holding of the international conference, or if this was not possible, at least until after the holding of the September meeting. Mr. Berle said that he was worried about the possible bad effects of now entering into negotiations for bilateral agreements, but that he was more worried about the bad effects of the United States not entering into such negotiations immediately. He then spoke at some considerable length on the situation in the Mediterranean where B.O.A.C. was carrying fare-paying passengers and the United States Army Air Transport Command was not permitted to carry such passengers. He said that thousands of United States pilots, and other American citizens, knew about this, and that the whole story might blow up in the United States at any time. It was, therefore, necessary for the United States to adopt the course which was the lesser of two evils, and to go ahead right away with trying to secure air rights through the Mediterranean and to India. The only other rights which they were interested in securing as quickly as possible were rights to Stockholm. Any rights secured would, of course, be subject to whatever international air transport authority was set up. (This clearly, however, would not mean much if the authority set up has no effective powers.) I refrained from making any comments on Mr. Berle's exposition of the way in which the British were entrenching themselves on air routes in the Mediterranean. I said that, as he realized, our interest was merely in trying to ensure that the atmosphere in which the air transport discussions took place was as peaceful as possible. I knew that he must have considered a possible alternative to his proposals, namely, that by agreement between the states concerned, the air transport commands of the various countries should be permitted to carry fare-paying passengers, and thus provide necessary services in the period between the cessation of hostilities in Europe and the establishment of regular international air transport lines.

Mr. Berle said he had considered this possibility and that it was in many ways desirable. There would naturally, of course, be opposition from United States domestic airlines which would not like an extension of the activities of the semi-socialist United States Air Transport Command. (My feeling is that Mr. Berle himself would personally favour this alternative of permitting the Air Transport Commands to carry passengers, but that he feels that it has not as many domestic political advantages so far as the United States is concerned as an immediate attempt by the United States to secure air rights for its commercial airlines.)

Mr. Berle said that he had not given up hope of securing the general adherence of states other than the U.S.S.R. to an international air transport

convention under which certain air rights would be accorded to all the signatory states. He described the position of the United States as intermediate between the Soviet and Canadian positions.

Yours sincerely,

ESCOTT REID

**246.** DEA/3-Cs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State of External Affairs to Dominions Secretary*

TELEGRAM 134 Ottawa, August 10, 1944

SECRET. Your telegram Circular D-1080 of July 28. Civil aviation.

1. In considering your suggestion of a Commonwealth meeting at the official level it would be helpful if we could have a more specific indication of what you think could be achieved additional to the discussions on Commonwealth routes which took place in October 1943. At that time the Minister of Munitions and Supply outlined in general terms the areas in which Canada contemplated operations.

2. We see disadvantages in attempting to work out at the present stage an integrated Commonwealth scheme for presentation to other nations. On the other hand, we agree that further conversations between the Commonwealth governments about the detailed working arrangements which will be required to operate particular routes will be needed regardless of whatever arrangements may be made for the control of international aviation. For example, Canada and the United Kingdom could profitably discuss the technical aspects of operations across the North Atlantic, and the outcome of these discussions would be useful whether international aviation is to be governed by a multilateral convention or by bilateral agreements.

3. However, we do not feel that discussions could lead to any conclusive results until the question of the Goose Bay lease has been settled satisfactorily. You will recall that we have not yet received a reply to our latest proposals which were given to your High Commissioner here over a month ago.[49]

4. In your telegram Circular D-1101 of August 4[th] you asked for our views on the latest United States proposal that our two governments as well as a number of others should make public the international air routes which they wish to fly. We see no objection to giving the United States our tentative plans for proposed international routes after we have had an opportunity to review them further and we intend to reply in this sense.

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[49]Voir Canada, *Documents relatifs aux relations entre le Canada et Terre-Neuve*, volume I. Ottawa, Information Canada, 1974, la pièce jointe, document 528.
See Canada, *Documents on Relations between Canada and Newfoundland*, Volume I. Ottawa, Information Canada, enclosure, Document 528.

**247.** DEA/3-Cs

*Mémorandum du premier secrétaire*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from First Secretary*
*to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] August 12, 1944

Here is a long letter from Washington[50] on aviation which covers a certain amount of ground already traversed in correspondence during the last month and puts forward a number of suggestions. The principal points are as follows:

1. We should not accept the Soviet memorandum as their last word. I agree, but unless the Soviet Government accepts our invitation to discuss the question we have no way of trying to persuade them to change their views. In any event, I am dubious whether they would pay a great deal of attention to any arguments advanced by Canada. They might listen more attentively to the United Kingdom.[51]

2. The Soviet Government might be willing to have Canada-U.S.S.R. lines via Alaska and via Iceland operated by joint Canadian-Soviet companies. Before taking any initiative along this line, we want to be a good deal more certain than we are at present of the advantages of operating Canadian lines over these expensive routes where traffic will be light.[52]

3. We might consider having three international conventions as follows:

(a) A limited convention with the U.S.S.R. to meet the narrow views of that country.

(b) A less limited convention with the United States to meet its somewhat less narrow views.

(c) A broad convention between the intelligent and progressive nations.

This strikes me as unworkable aside from the fact that a convention which did not include the United States would be a pretty worthless document apart from considerations of window dressing.

4. Six Canadian routes are proposed. As mentioned in 2 above, this requires more careful study than it has so far received.

5. We should propose that the State Department's contemplated September meeting (I shall be surprised if it is held before November at the earliest) consider not only routes, but also the general framework of postwar aviation. I agree with this and suggest that we take this step.

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[50]Document 245.
[51]Note marginale:/Marginal note:
I agree.
[52]Note marginale:/Marginal note:
I agree.

6. We should propose to the United States:

(a) That the nations represented at the September meeting should refrain from making bilateral commitments before the December conference.[53]

(b) That the air transport companies[54] of the various nations (and presumably any other governmental services) should be permitted to carry passengers for hire. This, if accepted, should prevent some mix-ups and I think is worth trying.[55]

7. Our Chiefs of Mission should discuss our draft convention with the governments to which they are accredited and ask for suggested revisions. Mr. Reid suggests the omission of Argentina. I would also omit China (the talks will be in Ottawa), the Soviet Union (we can go no further than we have gone) and the United Kingdom (a special situation prevails there and in any event we have asked them for suggestions but have received no reply). Otherwise I see no drawbacks to the plan and it would serve to revive interest in our convention and perhaps attract some support.[56]

Summed up the proposals for action contained in this memorandum are as follows:

1. We should propose to the State Department that the September meeting consider a broader agenda than questions of routes and give preliminary consideration to the kind of system that should be constructed after the war.[57]

2. We should propose to the United States a self-denying ordinance on bilateral bargaining over routes coupled with permission for official government services to carry revenue loads.[58]

3. We should discuss our draft convention with certain other governments.

R. M. M[ACDONNELL]

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[53]Note marginale:/Marginal note:
Would that prevent our proceeding with discussions with other Commonwealth Gov[ernmen]ts? If it would, I think we'd be precipitating a rather pointless row by pressing a point of view which other Commonwealth Gov[ernmen]ts would not accept for the sake of a possible 3 months deferment of bilateral negotiations.

[54]Le mot «companies» fut oblitéré et remplacé par «commands».
The word "companies" was crossed out and replaced by "commands".

[55]Note marginale:/Marginal note:
I think this is sensible.

[56]Note marginale:/Marginal note:
Our point of view has been put clearly to all other Commonwealth Governments. I see no objection to our talking to the French, Dutch and Belgians, Brazilians and perhaps with Mexico and Chile.

[57]Note marginale:/Marginal note:
OK.

[58]Note marginale:/Marginal note:
See notes on para[graphs] 6-7. R[obertson].

**248.** DEA/3-Cs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 119 London, August 21, 1944

IMPORTANT. SECRET. Your telegram of August 10th, No. 134, civil aviation.

Idea underlying our proposal for meeting of officials was not that they should try to work out an integrated Commonwealth scheme but rather to continue discussions of October, 1943, which outlined routes of major interest to British Commonwealth, and to reach some tentative conclusions between ourselves on practical operational arrangements. We are glad that you share our view that operations across north Atlantic could profitably be discussed between Canada and United Kingdom. We hope, however, that meeting of officials of all British Commonwealth countries might lead to recommendations for coordinating plans for different routes and for harmonising operations at points of contact. It was for those reasons that we suggested multilateral British Commonwealth discussions rather than a series of bilateral discussions, though proposed meeting should afford useful opportunity for discussions between individual delegations of matters which do not necessarily involve all members of British Commonwealth. Recommendations would, of course, be non-committal and subject to consideration by Governments. We hope that in light of these explanations you will feel able to agree to our proposal. New Zealand have agreed and South Africa has agreed in principle provided that a meeting with them, which had previously been envisaged for this autumn to discuss services within Africa, takes place as arranged.

2. We are not clear why agreement as to Goose Bay lease should, as suggested in your paragraph 3, be regarded as an essential preliminary to proposed meeting. We are sorry for delay which has occured in reply to proposals given to Mr. MacDonald on July 3rd, but consultation with a number of Departments has been necessary and conditions here, as you will appreciate, have been difficult. We hope, however, to be in a position to reply at an early date.

3. Your paragraph 4 noted. We should be interested to learn conclusions resulting from your further review.

**249.** DEA/3-Cs

*Mémorandum du premier secrétaire*[59]
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from First Secretary*[59]
*to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] August 24, 1944

On August 3 Cabinet War Committee considered a suggestion of the United Kingdom Government that a conference of Commonwealth officials be held to make recommendations for consideration by their governments about air services between Commonwealth countries. War Committee agreed that the United Kingdom be requested to indicate more specifically the purposes of the proposed meeting and that they be informed at the same time that the Canadian Government would wish to have the Goose Bay lease settled at an early date before proceeding further in general discussions on air transport matters.

In reply the United Kingdom state that they do not aim at an integrated Commonwealth air scheme, but rather at continuing the discussions of October, 1943, which outlined the routes of major interest to the British Commonwealth and at reaching tentative conclusions on practical operational arrangements. In addition to an opportunity for bilateral discussions between members of the Commonwealth the United Kingdom hope that recommendations might be made for coordinating plans for different routes and for harmonizing operations at points of contact. All recommendations would be non-committal and subject to consideration by governments. New Zealand has agreed and South Africa has agreed in principle.

On the subject of Goose Bay the United Kingdom merely state that they are not clear why an agreement should be regarded as an essential preliminary to the proposed meeting.

A meeting to discuss operational arrangements and the harmonizing of operations at points of contact would prejudice no Canadian interest and might produce useful results. It has already been made clear to the United Kingdom that Canada sees disadvantages in working out an integrated Commonwealth scheme and this could perhaps be mentioned again if it is decided to accept the invitiation. On the question of Goose Bay it could be pointed out to the United Kingdom that a discussion of operational arrangements over the North Atlantic must inevitably be vague and inconclusive if the status of Goose Bay is undecided.

There is another current problem with respect to international aviation. The United States is anxious to conclude as rapidly as possible a series of bilateral agreements with other countries in order to obtain landing and transit rights. From the point of view of those who are hoping for a broad measure of agreement at an international convention this is a disturbing development. The

[59]R. M. Macdonnell.

staking out of claims by one or more nations and the conclusion of hard and fast agreements in advance of an international conference will prejudice the success of such a conference. Any hope of setting up an international authority with powers over routes, frequencies and rates would be seriously diminished if the conference had to take into account a series of bilateral commitments.

According to a telegram from the Dominions Office[1] the United Kingdom Government is inclined to share this view. In order to prepare for a conference which can discuss international aviation without being bound by intergovernmental agreements, the very thing that we are trying to avoid in the Canadian draft convention, it seems advisable to represent to the United States Government how prejudicial to the interests of international aviation a series of bilateral commitments could be. The suggestion could be made that until a conference is held all intergovernmental discussions should be on a tentative and exploratory basis and that no agreements be made. If at the same time we enlisted the support of the United Kingdom Government, which is very likely to be available, the chances of influencing the United States Government would be increased. In any event, if both the Canadian and United Kingdom Governments were to postpone the making of agreements on landing or transit rights until a conference had been held, it would limit the extent to which the United States could carry out its proposed policy.

**250.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] August 31, 1944

. . .

INTERNATIONAL CIVIL AVIATION;
LONDON MEETING; U.S. POLICY

7. THE SECRETARY, referring to the decision taken at the meeting of August 3rd, reported that the U.K. government had explained that the proposed meeting was not intended to formulate an integrated Commonwealth agreement for international air services. It was intended rather to continue the discussions of October 1943, with a view to reaching tentative conclusions on practical operational arrangements for routes of major interest to the Commonwealth, and upon recommendations for co-ordinating plans for different routes and operations. The meeting would also afford an opportunity for discussion between individual delegates on matters of direct concern to them. U.K. officials did not consider agreement regarding the Goose Bay lease an essential preliminary to this meeting, but hoped to reply to Canadian proposals, in this matter, at an early date.

Further, the U.S. government had informed the U.K. government that it proposed to initiate bilateral negotiations with foreign countries immediately,

to obtain landing and traffic rights for U.S. air lines, with a view to establishment of U.S. services as soon as facilities could be provided. These negotiations were to be on a non-exclusive basis, but would precede any international conference. The U.K. government were taking the position that such action should be deferred pending an international conference, which should take place at the earliest possible date.

Finally, the U.K. government had requested permission to initiate military air transport services from the United Kingdom across North America, by way of Montreal and San Francisco to the South Pacific, and also to the South Pacific by way of Montreal and the Caribbean area.

(Telegrams Nos. 119, Circ. D. 1224,† Circ. D. 1225† and 122[6?],† Dominions Office to External Affairs, August 21, 22 and 24, 1944).[60]

8. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS pointed out that the U.S. government's proposals to proceed with bilateral negotiations at this point would involve a virtual return to the pre-war situation, and would lessen the chances of achieving any satisfactory multilateral arrangement.

It might be possible to ease the situation by agreement that, as pressure of military traffic decreased, military transport services would be allowed to carry fare-paying passengers on a temporary basis.

9. THE MINISTER OF MUNITIONS AND SUPPLY felt that any proposal to allow U.K. and U.S. air transport services to carry fare-paying passengers extensively on military services would tend to make military transport an instrument of commercial air policy.

No objection should be raised to the U.K. request to operate military air transport services to the South Pacific, if the U.S. government granted similar permission and as long as no fare-paying traffic was carried.

Canada should accept the invitation to participate in Commonwealth conversations in London.

10. MR. ROBERTSON, referring to the U.K. comment on the Goose Bay lease, observed that this also had been discussed in the course of recent meetings with U.K. representatives regarding financial arrangements.[61]

11. THE WAR COMMITTEE, after further discussion, agreed:

(a) that the U.S. government be informed of Canada's desire that a multilateral conference on air transport be held at the earliest possible date, before any of the nations concerned initiated bilateral negotiations;

(b) that the U.K. government's invitation to participate in Commonwealth conversations at the official level be accepted; and,

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[60]Les dates précises des trois derniers télégrammes sont le 24 août (N° 122) et le 29 août (les documents circulaires N^os^ D. 1224 et D. 1225.)
The correct dates for the last three telegrams are August 24 (No. 122) and August 29 (Circular Documents Nos. D. 1224 and D. 1225.)

[61]La discussion des arrangements financiers est traitée dans le volume 10, les documents 503-512.
The discussion of financial arrangements is dealt with in Volume 10, Documents 503-512.

(c) that the U.K. government's request regarding air transport services to the South Pacific crossing Canadian territory be approved, subject to the conditions recommended by the Minister of Munitions and Supply.

. . .

**251.** DEA/3-Cs

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-3663 Ottawa, September 1, 1944

SECRET. Reference previous correspondence regarding the United States intention to make bilateral arrangements with other countries on transit and landing rights for civil airlines. You should approach the United States authorities on the following lines.[62]

2. We recognize the force of their arguments in favour of additional services in the immediate future and the necessity of improving civil air facilities as the war recedes and not delaying all action until hostilities have ceased.

3. Nevertheless, we feel strongly that to attempt to deal with this situation in the way proposed by the United States will seriously prejudice the chances of reaching a successful international settlement. There exists opportunity which may not soon recur of reaching a broad measure of international agreement on the future lines of development of international air transport. There is considerable support among governments for the view that an advance must be made beyond the restrictive type of air diplomacy which characterized the pre-war period.

4. It seems to us likely that a race to conclude bilateral agreements at the present stage would make it impossible for an international conference to play a constructive part. Individual rights, which might well be conflicting, would militate against the give and take which would be possible if governments came to a conference without commitments and in a sincere effort to reach a multilateral agreement in the interests of all. A return to the hard bargaining of the pre-war period with all its rivalries and animosities is not necessary. We are hopeful that the nations interested in air transport can deal with the subject on a more rational basis in the interests of improved communications and better international relations. We are confident that to fall back at this stage before any attempt at an international settlement has been made on a purely bilateral approach is to miss an opportunity to put international air transport on a new and sounder basis. We therefore favour the calling of an international

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[62]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
Mr. Symington got a copy of this & telegram to D.O. [Dominions Office] in draft form. R. M[acdonnell].

conference at the earliest possible date and urge the United States not to prejudice the chances of success of this conference by making prior bilateral commitments.

5. Dominions Office has been given the text of this message.

**252.** DEA/3-Cs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 152 Ottawa, September 1, 1944

SECRET. Your telegram No. 119 of August 21. Commonwealth discussions on civil aviation.

We will be glad to have Canadian officials take part in the operational discussions which you have in view. It is agreed that recommendations would be subject to consideration by Governments and that no commitments would be reached.

We should be glad to learn the proposed date of the discussions. The most convenient time for Canadian officials will be towards the end of September.

**253.** DEA/72-MK-40

*Le chargé d'affaires, l'ambassade aux États-Unis,*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States,*
*to Secretary of State for External Affairs*

TELETYPE WA-5239 Washington, September 7, 1944

IMMEDIATE. Your EX-3663, September 1st, post-war civil aviation. I would like to point out that, so far as I can discover, the United States has not asked us to participate in any bilateral negotiations pending the group talks which they hope to hold in September and general United Nations Conference later. It is true that Berle seems to have asked the British, through Lord Beaverbrook, to discuss a bilateral agreement but I cannot find any record of such a request to Canada. We did receive from the State Department on July 29th a specific request for any information which the Canadian Government could supply regarding post-war international air routes.[63] Your teletype referred to above does not mention this request, but emphasizes the undesirability of bilateral talks at this stage. When I see Berle tomorrow, he may well say that this point does not now arise, but what are we going to do about the information requested. Can I tell him that that information is coming shortly, and then

[63]Voir le document 241./See Document 241.

proceed informally to explain to him our worries about bilateral negotiations prior to a general international meeting?

**254.** DEA/72-MK-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-3745 Ottawa, September 7, 1944

IMMEDIATE. SECRET. Your WA-5239 Civil Aviation. Our EX-3663 of September 1st was based upon Escott Reid's report of his conversation with Berle at beginning of August[64] and more particularly upon message forwarded to Lord Beaverbrook by Mr. Berle, text of which is as follows, Begins:

In many parts of the world it is now obvious that the war area is receding and civil needs are steadily reasserting themselves. The Pacific, of course, continues to be definitely an area of military operations, as does Europe with the exclusion of Portugal, Spain and most of Italy; but, in substance, war conditions no longer prevail in southern part of Western Hemisphere and civil needs are reasserting themselves in the western Mediterranean, North Africa and Middle East where civil life is becoming re-established as the war moves northward.

The highest considerations of humanity and common sense, as well as the inherent interest in re-establishing so far as possible normal commercial life, dictate extension of civil aviation to regions now open for such communications. The exclusion of Civil Aviation from those areas on war grounds becomes increasingly less justifiable, and on any other grounds wholly unjustifiable. The Governments of the United Kingdom and the United States alike hope for an International Conference to discuss all these matters; but it is realized that an International Conference, although completely successful and resulting in full agreement even on details, will not result in immediate creation of implementing machinery, so that a considerable time must elapse before result of such a Conference can be translated into actual air communications and service.

In view of this, the United States Government feels that an interim arrangement should be adopted immediately under and by which air lines can be established serving the principal centres of population, including Latin America. The securing of transit and landing rights by the United States and Great Britain for interim period, to and in centres to be served, is involved in this. The United States Government has already advised the British Government of routes and landing points which the former proposes to establish, and it is understood that the British Government will inform us of routes and landing points for which it is asking.

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[64]Document 245.

The Government of the United States likewise notes that, in substance, British Overseas Airways Corporation is doing this now, since it operates as a militarized service where convenient and as a commercial service whenever practicable, and is actually performing service of a fare-receiving common carrier in areas from which the war has actually receded, although on a priority basis. On the other hand, American air carrier service is an unconfirmed militarized service which neither divides fares nor performs any of the regular services of a common carrier. The disparity between these two arrangements is so great as to raise considerable difficulty here with real danger of considerable public reaction.

In handling interim arrangements, it is suggested that our two Governments keep each other fully informed as we have been doing heretofore; that diplomatic cooperation be maintained; and that no arrangements be made by which either party will try to effect exclusion of the other or foreclose the legitimate rights of any other country. The routes of transit and lading rights established for interim period would, of course, be subject to discussion at International Conference, perhaps separately from discussion of air navigation matters so that jurisdiction of that Conference shall not be foreclosed.

The rapid progress of the war in Europe, and especially the likelihood that there will be urgent necessity for air transport between North America and France before very long, makes the situation of immediate importance and calls for immediate action. Accordingly, it is hoped that Civil Air Transport Committee may see its way clear to agree with position of the United States Government in this matter.

We would appreciate a very speedy reply. Ends.

United Kingdom's Government's comment to us on this is as follows, Begins:

Both United Kingdom and United States are agreed that an International Conference should be held at earliest convenient date on basis agreed at talks held in London during April. If for domestic reasons United States find it difficult to hold a Conference in Washington at present, we shall understand their position and stand ready to call a Conference ourselves in London. Ends.

2. Canadian government had considered earlier the United States request for information regarding proposed Canadian international air routes and had agreed that this information would be forwarded and made public as soon as these plans, which are at present being prepared by Canadian officials, were ready.

3. The subsequent information regarding the United States intention to proceed with bilateral discussions, however, has changed the situation and authorities here are not clear regarding the advantages of supplying this information if the United States intends to pursue the course indicated in Mr. Berle's message to Lord Beaverbrook.

4. In these circumstances, you should, using your own discretion, discuss the whole matter informally with Mr. Berle, letting him know that we hold very strongly to the views expressed in the teletype EX-3663 of September 1st and pointing out that thus far we have only been authorized to supply information

on proposed Canadian international air routes [upon] the assumption that the information would be intended for consideration at an international conference to be called at an early date and that no bilateral negotiations regarding international air services would be held in the meantime.

**255.** DEA/3-Cs

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5271 Washington, September 8, 1944

IMMEDIATE. TOP SECRET. Your EX-3663, September 1st, civil aviation. I left with Berle this morning a memorandum[1] based on the above teletype. He told me that he thought he could at once remove some of our anxieties on this matter, because the various agencies of the United States Government concerned, including the State Department, had just agreed on a recommendation to the President that an International Aviation Conference should be convened at the earliest possible date; they hoped by the end of October. He could, of course, give me no assurance that the President would accept and implement this recommendation, but he was optimistic. They hoped to have a Presidential decision today or tomorrow. This Conference, to which invitations will be sent as soon as it is cleared with the President, would deal with three matters:

(1) The immediate and practical problem of establishing international air routes in those parts of the world where the war situation now made that possible. These arrangements would only be provisional and would have to be reviewed at a subsequent Conference. The important thing was to get airlines into operation now and by international agreement.

(2) Agreement on principles governing post-war international aviation.

(3) Agreement on technical questions. In answer to a question, Berle stated that if the general Conference could be held soon, there would probably be no necessity for the suggested preliminary discussions among the smaller group of Powers. This meeting, as you know, had been originally set for September.

It might be preferable, Mr. Berle thought, to have questions under (1) above referred at once to a Committee of the Conference which would in fact consist of those Powers which had plans already prepared for the immediate operation of international air routes and would have attended the September meeting. Such a Committee might in fact become a continuing Commission, reviewing developments, making recommendations, and preparing the way for a subsequent Conference, when the provisional arrangements of 1944 might be made more permanent. For the above reasons, it would be particularly useful if the 14 or 15 Powers who would have been invited to Washington in September, could formulate and, if possible, send to Washington the information already requested as to their plans for international air routes.

Berle stated that the proposed Conference would probably have to include neutrals, some of whom would be most important to its success. He was thinking particularly of Sweden, Portugal and Turkey, possibly also Switzerland. I asked whether they would also invite the Argentine, as it might be very difficult to include some neutrals and exclude others. He said that fortunately the Argentine was not important in these matters and, therefore, need not be invited. As far as aviation was concerned, she was merely "a dagger pointed at the heart of Antarctica."

Berle went on then to assure me that they had no desire, and never had had a desire, to precipitate a race for post-war advantages and would do nothing to prejudice the success of the forthcoming Conference. However, they had no intention of refraining from any bilateral conversations which they considered necessary and desirable. He was quite emphatic about this and added that, as far as he could ascertain, United Kingdom policy in this matter was based more on "cut and thrust" than on the "give and take" of our memorandum. He was very critical of the actions of B.O.A.C. and of the United Kingdom encouragement of those actions which enabled them, under the guise of wartime arrangements, to strengthen their future commercial position. He spoke about the British already instituting services to Rome and Marseilles. He said that it would be unpardonable if, in the circumstances, the Americans did not look after their own interests in these matters, when the American air contribution to the liberation of Europe was so tremendous. I made the obvious comment that if they were worried about the B.O.A.C. set-up, why didn't they counter with a U.S.A.C. No one could possibly object to them putting themselves in the same position as the British. He merely replied that they might have to come to this, and certainly Pan American were pressing them in that direction. There is no doubt that, whether justified or not, Berle feels that the United Kingdom Government are aggressively and intelligently exploiting the situation. He feels that while legally they may always be on safe ground, practically they are taking advantage of the situation to the detriment of the United States. There was some indication that he felt that once again the wily Britishers were tricking them. Berle also gave me the impression that he thought that our memorandum was merely an extension of arguments already put to them by the United Kingdom and probably prompted by the United Kingdom. I told him that our position in this matter had nothing to do with the position taken by any other country, but represented our own independent and sincere views. Berle concluded by telling me that I was the first outsider to have received any information concerning their proposal for an early Conference, and he pointed out again that naturally the carrying out of these plans depended on Presidential approval. He would let me know as soon as that approval had been received. At no time in our conversation did Berle mention the possibility of bilateral talks between the United States and Canada or his previous request for information on our post-war plans. I did not bring up either of these questions.

**256.** DEA/72-MK-4-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 209 Ottawa, September 12, 1944

Sir:

I have the honor to inform you that the Government of the United States has concluded bilateral exploratory conversations with a number of other governments which have displayed a special interest on the subject of postwar civil aviation, with particular emphasis on the development of international air transport. These discussions have indicated a substantial measure of agreement on such topics as the right of transit and non-traffic stops, the non-exclusivity of international co-operating rights, the application of cabotage to air traffic, the control of rates and competitive practices, the gradual curtailment of subsidies, the need for uniform operating and safety standards and the standardization or coordination of air navigation aids and communications facilities, the use of airports and facilities on a nondiscriminatory basis, and the operation of airports and facilities in certain areas.

It was also generally conceded that international collaboration, probably by means of an international aeronautical body would be desirable in achieving and implementing the aforementioned objectives, although there was some diversity of opinion as to the extent of regulatory powers on economic matters which should be delegated to this international body. The approaching defeat of Germany and the consequent liberation of great parts of Europe and Africa from military interruption of traffic sets up the urgent need for establishing an international civil air service pattern on a provisional basis, at least so that all important trade and population areas of the world may obtain the benefits of air transportation as soon as possible, and so that the restorative processes of prompt communication may be available to assist in returning great areas to processes [*sic*] of peace.

The Government of the United States believes that an international civil aviation conference might profitably be convened within the near future for the purpose of agreeing on an increase in existing services, and on the early establishment of international air routes and services for operation in and to areas now freed from danger of military interruption, such arrangements to continue during a transitional period. This conference might also agree, so far as possible, upon the principles of a permanent international structure of civil aviation and air transport, and might set up appropriate interim committees to prepare definitive proposals. Definitive action on such proposals, based on practical experience gained during the interim period, might be taken either as a result of later conference or by direct approval of the governments without the necessity of conference.

The government of the United States suggests that the international conference proposed for the immediate future could have the following objectives:

I (A) The establishment of provisional world route arrangements by general agreement to be reached at the conference. These arrangements would form the basis for the prompt establishment for international air transport services by the appropriate countries.

(B) The countries participating in the conference would also be asked to agree to grant the landing and transit rights necessary for establishing the provisional route arrangements, and air services referred to above.

(It would be highly desirable if each delegation were sufficiently familiar with its country's plans for international air services to permit formulation of an international air transport pattern referred to in paragraphs (A) and (B) above.)

II. The establishment of an interim council to act as the clearing house and advisory agency during the transitional period. It would receive and consider recommendations from each of the working committees referred to in item III. It would report upon desirable revisions in routes and services during the interim period, subject to the approval of the countries served by these routes and services. It would maintain liaison with each of the participating countries. It would supervise studies and submit information to the interested governments concerning the development of air transport during the transitional period, and would make recommendations to be considered at any subsequent international conference.

III. Agreement upon the principles to be followed in setting up a permanent international aeronautical body and a multilateral aviation convention dealing with the fields of air transport, air navigation and aviation technical subjects, and for the purpose of developing the details and making proposals for carrying into effect the principles so agreed. The establishment of the following working committees which would be under the supervision of the interim council:

(A) A committee to follow developments relating to the establishment of the routes and services to be established under item I, to correlate traffic data, to study related problems, and to recommend desirable revisions in routes and services. This committee would also make studies and recommendations concerning the future pattern of these routes and services.

(B) A central technical committee with subordinate committees which would work closely with the committee described in subparagraph (C) below to consider the whole field of technical matters, including standards, procedures and minimum requirements, and to make recommendations for their application and adoption at the earliest practicable time.

(C) A committee to draft a proposal with respect to the constitution of a permanent international aeronautical body and a new multilateral aviation convention.

Having in mind the foregoing considerations as a basis for discussion, the Government of the United States extends a cordial invitation to the Canadian

Government to participate in an international conference along the above lines to take place in the United States beginning November 1, 1944, and in view of the time element would appreciate receiving an early response as to whether the Canadian Government can arrange to have a delegation at such conference.

This invitation is being extended to the following governments and authorities:

(A) All members of the United Nations.

(B) Nations associated with the United Nations in this war.

(C) The European and Asiatic neutral nations, in view of their close relationship to the expansion of air transport which may be expected along with the liberation of Europe. The Danish Minister and Thai Minister in Washington will be invited to attend in their personal capacities.

Accept etc.

LEWIS CLARK
for the Ambassador

**257.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] September 13, 1944

. . .

INTERNATIONAL CIVIL AVIATION; PROPOSED MEETINGS, LONDON AND WASHINGTON

22. THE MINISTER OF MUNITIONS AND SUPPLY, referring to the discussion at the meeting of August 31st, reported that Canada had been invited by the United States to participate in a conference of the United and Associated Nations on November 1st next.

This was a highly satisfactory step in the direction desired by the Canadian government, and the invitation should be accepted promptly.

It would still, however, be desirable to discuss specific routes with other members of the Commonwealth as the nations most directly interested in the air services which Canada might propose to operate.

23. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS suggested that an announcement of Commonwealth discussions on international civil aviation, at this stage, might create the impression that the members of the Commonwealth were seeking to agree upon a common policy, prior to participation in the broader international conference.

24. THE WAR COMMITTEE, after discussion, agreed that it be suggested to the United Kingdom that the proposed Commonwealth discussions take place at the same time as the international conference called by the United States

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**258.** DEA/72-MK-4-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1363 London, September 13, 1944

SECRET. My telegram 28th July, Circular D. 1080, and your reply,[65] Civil Aviation.

There is general agreement that proposed informal Commonwealth meeting between experts in official level to make recommendations for consideration of Governments would be valuable. We feel that latest trends in United States policy and intention of United States Government to summon an international conference at Washington at beginning of November make proposed Commonwealth meeting a matter of urgency. We should therefore like to suggest that it should open on Tuesday 3rd October, if this date is convenient to other British Commonwealth Governments. We suggest that London would be a convenient meeting place, though for our part we should be prepared to agree to any other centre generally preferred by other Governments. If 3rd October is too early, we would suggest Tuesday, October 10th.

2. We are urgently considering possibility of amplifying outline agenda in paragraph 2 of my telegram under reference, and shall hope to telegraph later as to this. If you have any suggestions we should appreciate them.

3. Should be glad of earliest possible expression of your view as to date and place, and for indication of names of your representatives.

**259.** DEA/72-MK-4-40

*La délégation canadienne, la conférence de Québec,*
*au sous-secrétaire ad intérim aux Affaires extérieures*[66]

*Canadian Delegation, Quebec Conference,*
*to Acting Under-Secretary of State for External Affairs*[66]

TELEGRAM H-19 Quebec City, September 14, 1944

Please relay following message to Secretary of State for Dominion Affairs, Begins: Your telegram Circular D. 1363 of September 13th, civil aviation.

United States invitation to early International Conference is in line with procedure our Governments have been urging on it and we are therefore accepting it promptly. While we agree upon early necessity of discussion of

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[65]Document 246.

[66]Envoyé avec l'autorisation de A. C. Hall qui était chargé des communications du ministère à la conférence de Québec.
Despatched under the authority of A. C. Hall, who was in charge of departmental communications at the Quebec Conference.

specific routes among nations of Commonwealth, preparation for both Commonwealth talks and broader International Conference and early date suggested for latter place very heavy burden upon limited personnel available here. Participation in Commonwealth discussions at time you suggest would seriously complicate from this standpoint adequate preparations for both meetings. To meet these difficulties which we feel may be common to other members of Commonwealth as well, we have been considering whether Commonwealth delegations to the International Conference could not come prepared to discuss with each other questions of intra-Commonwealth air arrangements which were to have been the subject of the London meeting of officials.

To prepare the way for such discussions we might arrange for full preliminary exchange of views by cable. This message has been repeated to Australia, New Zealand, South Africa and to our Ambassador in Washington.

A. L. HALL

**260.** DEA/72-MK-4-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 100 Ottawa, September 18, 1944

Excellency:

I have the honour to refer to your note No. 209 of September 12th conveying an invitation to the Canadian Government to participate in an international conference dealing with civil aviation which the United States Government proposes convening in the United States beginning November 1st.

The Canadian Government agrees that it would be profitable to convene an international conference on this subject in the near future, and has noted with interest the objectives which the United States Government has suggested for the Conference. The Canadian Government agrees that these objectives could serve a useful purpose as a general basis for discussion.

Accordingly I have pleasure in informing you that the Canadian Government accepts the invitation of the United States Government, and will be prepared to send a delegation to the United States to participate in the International Conference which has been proposed.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**261.** DEA/72-MK-4-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR G. 53 London, September 18, 1944

IMMEDIATE. SECRET. Addressed Canada, repeated Australia, New Zealand, Union of South Africa, Newfoundland and Southern Rhodesia. Your telegram 14th September, No. 174, Civil Aviation.[67]

We sympathise with your difficulties, which are also felt here, in making adequate preparations in such short time for proposed Commonwealth talks and International Conference. At same time we fear that suggestion for British Commonwealth talks concurrently with International Conference would not altogether meet what we have in mind. We should naturally wish our delegation to keep in closest touch with other British Commonwealth delegations at International Conference, but for our part we should not like to embark on the Conference without prior discussons with other members of British Commonwealth.

2. New Zealand Government have now suggested that proposed Commonwealth talks might more conveniently be held in Canada shortly before the end of October. If this were agreeable to Canadian Government and to other Governments concerned, we should be happy to arrange for our representatives to attend. We suggest that, in order to allow adequate time for the talks themselves and for consideration of their results before the Conference, opening date might be at least ten days before opening of Conference.

**262.** DEA/72-MK-4-40

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 182 Ottawa, September 25, 1944

SECRET. Your telegram G. 53 of September 18, Civil Aviation. Since talks between Commonwealth officials preceding the International Conference appear to be generally regarded by Commonwealth Governments as desirable and since the most convenient meeting place is obviously Canada, we will be glad to have the talks held here. We propose that they begin on Monday October 23rd which would leave sufficient time before the International Conference and we extend a cordial invitation to send officials here for that

[67]Voir le document 259./See Document 259.

date. The talks will be held at some point near Ottawa. We should be glad to learn the names of your delegation.

Invitations are being sent to other Commonwealth Governments, India and Southern Rhodesia. A separate telegram[1] is being sent to you and to other Commonwealth Governments on the question of Irish participation.

**263.** DEA/72-MK-4-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-3967 Ottawa, September 26, 1944

SECRET

Civil aviation. You have seen our correspondence with the United Kingdom concerning the advisability of holding Commonwealth conversations before the International Conference, and you will have noted that, while we favoured postponement of the Commonwealth talks, the United Kingdom were anxious to have them in advance of the Conference. New Zealand has supported this view, and it is likely that other Commowealth Governments will take the same line. The suggestion was put forward by New Zealand and welcomed by the United Kingdom that Canada would be the most convenient meeting place, and the Canadian Government has agreed to this.

Please inform the State Department that exploratory conversations at the official level will take place in Canada in the latter part of October to consider operational and technical problems connected with possible air routes between members of the Commonwealth. It should be emphasized that these discussions were agreed upon, though not announced, some time ago before the United States Government issued its invitations to an International Conference, and that it is still felt by Commonwealth Governments that discussions between officials on a non-committal basis will be helpful.

**264.** DEA/72-MK-4-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5603 Washington, September 27, 1944

Your EX-3967 of September 26th. Commonwealth talks on civil aviation. We gave Mr. Walstrom of the Aviation Division of the State Department this afternoon an informal memorandum[1] based on the second paragraph of your teletype. He made virtually no comment and seemed to have no misgivings about the Commonwealth discussions.

Walstrom said that there had been some delay in reaching agreement on the draft agenda for the International Conference on Civil Aviation, but that he thought it would be ready for circulation in two days time.

**265.** DEA/3-Cs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1478 London, October 1, 1944

MOST IMMEDIATE. PERSONAL, PRIVATE AND TOP SECRET. Following from Prime Minister to Prime Minister, Begins:

1. The War Cabinet reconsidered yesterday the question of inviting Southern Ireland (Eire) to the Conference at Ottawa about civil aviation, in view of their having been invited without our being consulted by the United States to the later conference in United States of America. We have also considered carefully the various expressions of opinion from the Dominions Governments. We felt, however, after much heart searching, that it would be impossible for us to advocate an Empire Conference at which a Member State of the British Empire was present who actually at that moment would be maintaining in Dublin German and Japanese diplomatic representatives and Irish representatives at Berlin and Tokyo. The magnitude of the question of the future relations of Ireland with the British Empire and Commonwealth and with the United Kingdom is by no means to be overlooked, but it should not be settled on a side issue of this character, where our hand has been forced by the action of a foreign Power. Although Anglo-Irish relations are a matter of concern to the whole Empire, it will, I am sure, be admitted that the interest of the United Kingdom on account of our very close proximity, is one which must be considered paramount. We therefore hope that you will be willing to acquiesce in the line we take.

2. We do not consider that the geographical position of Ireland will be of very great importance in post-war aviation. The new field we are building at Slough for the reception of the enormous aircraft of the future will deprive Foynes of much, if not all, of its present significance. Ends.

**266.** DEA/3-Cs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 195 Ottawa, October 3, 1944

MOST IMMEDIATE. TOP SECRET AND PERSONAL. Reference your personal, private and top secret telegram of October 1st 1944. Circular D. 1478 — Civil Aviation. Following from Prime Minister for Prime Minister, Begins: In view of the considerations you advance we are prepared to acquiesce in the omission of Ireland from the list of Commonwealth and Empire countries to be invited to the conference.

We consider, however, that it would ease the situation all around if some reference to a review of wartime air services were included in the agenda and in the public announcement of the conference. This might, in any case, be a useful addition although it would not necessarily consume very much of the time of the conference. It would obviously be improper to invite a neutral country, even though a member of the Commonwealth, to participate in a conference the agenda of which included such an item.

My immediately following telegram' contains sentence we propose to insert in announcement to be made on October 4th.

I am repeating this telegram to Curtin, Fraser and Smuts. Ends.

**267.** DEA/3-Cs

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Irlande*

*Secretary of State for External Affairs*
*to High Commissioner in Ireland*

TELEGRAM 31 Ottawa, October 4, 1944

SECRET. As you will have seen from the press announcement today, there will be a meeting of officials of Commonwealth and Empire Governments in Montreal on October 23rd to discuss operational and technical problems connected with the establishment of air routes between countries of the British Commonwealth. This meeting will precede the general international conference on post-war civil aviation questions which the United States has convoked for November 1st. Ireland has been invited to participate in the general international conference but is not being invited to the Commonwealth meeting in Montreal.

For your own most secret information I may say that we were disposed to invite Ireland to take part in the talks in Canada. The United Kingdom felt strongly that Ireland should not be included in such talks at this juncture and we have acquiesced in their view that the major question of Ireland's

relationship with the other countries of the Commonwealth should not be settled on such a side issue as Irish participation in a technical meeting of officials. At the same time we felt that the settlement of this major question should not be compromised by the ostentatious exclusion of Ireland from such a meeting. In the circumstances it is important that no constitutional or political importance should be attached to the absence of Ireland from the meeting in Canada, and to this end it has been made clear that the Montreal talks will include a review of military air transport services operated during the war as well as a survey of possible extension of military air services during the remainder of the war. The inclusion of this item in the agenda and the stress put upon it in the public announcement of the meetings should give the Irish an easy explanation of their absence from these Commonwealth conversations.

When Hearne[68] asked me this morning if his Government was being invited to the meeting in Montreal I told him it would not be, pointed out that the agenda would include a discussion of wartime air operations in which his Government as a neutral could not take part, and explained that the meetings in Montreal although preparatory to the general international conference at which Ireland would be represented were also a continuation of the Commonwealth civil aviation meetings held in London in October last, in which Ireland did not take part.

**268.** DEA/3-Cs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 177 London, October 5, 1944

TOP SECRET AND PERSONAL. Following for the Prime Minister from the Prime Minister, Begins: Your telegram of October 3rd, No. 195. Civil Aviation.

Am most grateful to you for so readily accepting my suggestion that Southern Ireland should be omitted from the list of countries to be invited to the Commonwealth and Empire discussions. Your suggestion for an addition to the announcement so as to make it clear that wartime subjects are included is very helpful and will, I hope, ensure that the matter does not become one of controversy. Ends.

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[68] J. J. Hearne, haut commissaire d'Irelande.
J. J. Hearne, High Commissioner of Ireland.

**269.** DEA/72-MK-4-40

*Le secrétaire d'État aux Affaires extérieures*
*au ministre au Pérou*[69]

*Secretary of State for External Affairs*
*to Minister in Peru*[69]

DESPATCH 7 Ottawa, October 17, 1944

Sir,

Beginning on October 23 discussions will take place at Montreal between officials of Australia, Canada, India, Newfoundland, New Zealand, South Africa, Southern Rhodesia and the United Kingdom to consider operating and technical problems connected with the establishment of possible air routes between members of the Commonwealth. On November 1 an international conference on civil aviation will open in Chicago with more than fifty countries represented.

In order that you may be informed as to the position which the Canadian delegation to these meetings will take, I enclose the following two documents:

PART I: General instructions for Canadian delegation to international air conference.

PART II: Commonwealth discussions on air transport.

These documents were submitted to Cabinet War Committee and were approved as the basis of instructions for the Canadian delegation. These documents, of course, are for your information and not for transmission.

I have etc.

R. M. MACDONNELL
for the Secretary of State
for External Affairs

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[69]Le dépêche et la pièce jointe étaient envoyées aussi à Londres, en Australie, en Nouvelle-Zélande, en Afrique du Sud, en Terre Neuve, à Washington, aux gouvernements alliés à Londres, à Chili, à Mexique, en France, en Argentine, en Irelande, à Moscou, en Chine, au Brésil, en Belgique.
The despatch and enclosure were sent also to London, Australia, New Zealand, South Africa, Newfoundland, Washington, Allied Governments in London, Chile, Mexico City, China, Brazil, Belgium.

[PIÈCE JOINTE 1/ENCLOSURE 1]

I.C.A.T.P. DOCUMENT NO. 40 SECRET

PARTIE I/PART I

*Instructions générales à la délégation canadienne à la conférence internationale aérienne*

*General Instructions for Canadian Delegation to International Air Conference*

1. The Canadian draft convention for the establishment of an international air transport authority, made public in March 1944, has been revised, particularly in the light of discussions with the United States. A revised copy is attached hereto (Appendix I). Basically, the convention remains unchanged. In addition to a statement of broad general objectives there have been added specific principles or standards by which the authority must be guided in controlling routes, frequencies and rates. It is hoped that the addition of these principles may make the document more acceptable to the United States authorities, who had expressed opposition to the delegation of extensive powers to an authority without any definition of the rules to govern their use.

2. It is known that the members of the British Commonwealth, as well as certain of the other nations interested in air transport, such as the Netherlands, and Norway, are likely to support the approach suggested by Canada. On the other hand, the U.S. and the U.S.S.R. are not likely to favour this approach — the U.S.S.R. largely for security reasons, since it wishes to retain close supervision of any services which may enter or cross its territory, and the U.S. because of general reluctance to support the transfer of extensive powers to an international authority. Thus the Canadian approach can be expected to receive both support and opposition from different quarters.

3. It is recommended that the Canadian delegates should continue to support very strongly the principles of the Canadian draft convention and, if the occasion seems favourable, should put forward the revised version of the Canadian draft convention for discussion. The Canadian delegates should seek to obtain an international authority that has as broad powers as possible, and should be instructed to make a vigorous effort to achieve this goal. They should, however, meet any reasonable suggestions which would permit arrangements for the initiation, at an early date, of necessary services.

4. The Canadian convention provides for four freedoms under the supervision of an international authority. The basis of Canadian policy has been that, if the four freedoms are to be accepted multilaterally, there must also be an international authority with regulatory powers since otherwise the grant of the freedoms would be inequitable and would be of far greater value to some nations that to others. If it should prove impossible to obtain an effective international authority, the Canadian delegates should exercise great care in considering any suggestion for the multilateral granting of any of these freedoms, since the transit rights covered by freedoms one and two are Canada's chief bargaining points. It may be necessary to rely on those

bargaining points to obtain concessions which Canada desires, and it is therefore obvious that they must not be given up except in return for something of value.

5. There is the possibility that a number of nations with common interests in air transport would be prepared to establish among themselves an authority with greater powers than would be acceptable to the United States (Appendix II).* The working out of such a scheme would be exceedingly difficult, however, and chances of its success rather scant. In particular, the formation of any such limited group would complicate the question of arrangements with the U.S. and U.S.S.R. which would not be members. Any such limited group should be open to membership by any nation wishing to join, and the Canadian delegation should only consider participation by Canada if the group could be established without disturbing the prospects for satisfactory relations with the U.S.

6. If it should become apparent that no effective international authority can be established either inclusive of the U.S. or exclusive of the U.S., Canadian delegates should, through such multilateral or bilateral arrangements as may be possible, seek to obtain the necessary landing and traffic rights for the international services which Canada will wish to operate immediately after the war. (Appendix III).* These services are:

(1) A service from Canada to the U.K. which would have equal rights with the U.K. service across the North Atlantic. While the possibility of extending this service to the European continent should not be discarded permanently, it might be used as a bargaining counter and, if desirable, given up in return for other advantages.

(2) Canadian service to the West Indies and Brazil. In the first instance, it might be sufficient for this service to operate to a base in the West Indies, presumably Trinidad, but no arrangement should be made which would prevent the extension of the service to Brazil as soon as the extension appears desirable.

(3) Canadian participation in a Pacific operation; if necessary, in the first instance a direct trans-oceanic service, but in this eventuality, leaving the door open for subsequent Canadian participation in a route to South Eastern Asia by way of Siberia and China. In the eventuality of the direct trans-Pacific route being adopted, Canadian operation should cover the segment from Canada to Honolulu.

(4) Other Services which Canada may wish to initiate subsequently; these need not be included in plans for allocation at this stage but no arrangements should be made which would prevent their initiation subsequently.

7. Should there be a failure to achieve a regulatory international authority, Canadian delegates should still agree to Canadian participation in whatever authority it might be possible to set up.

8. The position of the Canadian delegation in respect of services between members of the Commonwealth is dealt with in the second part of this report.

[APPENDICE I/APPENDIX I]

DEA/72-MA-1-40

I.C.A.T.P. DOCUMENT NO. 41

*Nouveau projet de convention*

*Revised draft convention*

PREAMBLE

The governments signatory hereto agree to the establishment of an International Air Transport Authority, the powers and duties of which shall be subject to review in accordance with Article XV hereof, at the end of . . . years from the date of the coming into force of this convention and shall be subject to the initial allocation of routes and frequencies and outlets as set forth in the provisions of Annex . . . to this convention.

ARTICLE I

THE AUTHORITY

*Section 1*

An authority is hereby established to be known as the International Air Transport Authority and to consist of an Assembly, a Board of Directors, Regional Air Transport Councils and such other units as may be created pursuant to the provisions of this convention.

*Section 2*

The Authority shall plan and foster the organization of international air services so as

(a) to avert the possibility of the misuse of civil aviation creating a threat to the security of nations, and to make the most effective contribution to the establishment and maintenance of a permanent system of general security,

(b) to avert conflicts capable of creating friction among governments or peoples,

(c) to avoid the development of economically wasteful competitive practices,

(d) to ensure that, so far as possible, international air routes and services are divided fairly and equitably between the various members states, and to ensure to every state the opportunity of participating in international airline operation in accordance with its needs for air transportation service and its industrial and scientific resources,

(e) to encourage continued development of the peaceful arts of aircraft design and operation,

(f) to reject and discourage discriminations in the following fields

(i) operations,
(ii) use of bases and aids to navigation,
(iii) definition of prohibited areas,

(iv) customs arrangements,

(g) to offer the potential users of air transportation safe, convenient and economical services, to offer free choice among alternative services, and generally to meet the needs of the peoples of the world for efficient and economical air transport.

*Section 3*

The Authority shall have exclusive jurisdiction, pursuant to the provisions of this convention, over international air services other than services between two contiguous member states, provided that any two contiguous member states may agree that services between them shall come under the exclusive jurisdiction of the Authority. When such an agreement has been notified by both states to the Board, and until such agreement has been terminated, the Authority shall have exclusive jurisdiction, pursuant to the provisions of this convention, over the services between the two states.

ARTICLE II

OBLIGATIONS OF MEMBER STATES

*Section 1*

Each member state recognizes that every state has complete exclusive sovereignty over the air space above its territory.

*Section 2*

Each member state undertakes to give the following freedoms of the air to the international air services operating under the provisions of this convention:

(1) The right of innocent passage,

(2) The right to land for non-traffic purposes (e.g. refuelling, repair, emergency),

(3) The right to discharge passengers, mails and freight embarked in the territory of the state or states whose nationality the aircraft possesses, and

(4) The right to take on passengers, mails and freight destined for the territory of the state or states whose nationality the aircraft possesses.

*Section 3*

Each member state may

(a) designate the route to be followed within its territory by any international air service and the air ports which any international air service may use, and

(b) impose or permit to be imposed on any international air service just and reasonable charges for the use of the air ports and other facilities on its territory, which shall not be higher than would be paid by national aircraft engaged in comparable international services,

provided that, upon complaint by an interested air carrier through the government or governments of which it is a national, the designation of routes

and use of air ports, and the charges imposed for the use of air ports and other facilities shall be subject to review by the licensing authority.

*Section 4*

Each member state undertakes to make available such radio frequencies and to provide such meteorological services as may from time to time be required by the licensing authority for the safety, efficiency and regularity of the air services licensed by it.

*Section 5*

Each member state undertakes to perform the obligations imposed on it by this convention and to enact legislation necessary to carry out its terms including

(a) legislation to ensure that no air carrier may operate international air services unless that carrier is in possession of a valid license authorizing such services, issued under the provisions of Article VI of this convention, and

(b) legislation to bring its national laws into conformity with the regulations approved by the Assembly under the provisions of sub-section 5 of section 2 of Article III of this convention. This action shall be taken within the period of one year from the date of approval by the Assembly or, if it is impossible owing to exceptional circumstances to do so within the period of one year, then at the earliest practicable moment and in no case later than eighteen months from the date of approval by the Assembly.

*Section 6*

Each member state undertakes to permit the operation within its territory of operating organizations constituted under the provisions of section 3 of Article IX of this convention, provided that permission to an operating organization to engage in domestic air transport within its territory shall be in the discretion of the state.

ARTICLE III

THE ASSEMBLY

*Section 1*

The International Air Transport Assembly shall be composed of representatives of the member states. Each state shall be entitled to the number of votes (one to six) in the Assembly provided in the Annex to this convention and may appoint as many representatives to the Assembly as it has votes and may replace them from time to time. Each state may cast all of the votes allotted to it regardless of the number of its representatives present at any meeting. Decisions of the Assembly shall be taken by a majority of the votes cast except where otherwise provided in this convention. There shall be deemed to be a quorum if the representatives present can cast one-half of the possible votes.

*Section 2*

The duties of the Assembly shall be:

(1) To designate the countries which may appoint members on the International Air Transport Board.

(2) To elect the President of the Board. The President shall hold office for a period of . . . years.

(3) To meet from time to time as occasion may require and at least once a year.

(4) To examine and approve the annual report of the Board and to decide any matter referred to it by the Board.

(5) To draw up and maintain regulations governing such matters as air safety, rules of the air, competency of air crew, ground signals meteorological procedure, navigational aids, communications, airworthiness, national registration and identification of aircraft, carriage of dangerous goods, salvage.

(6) To make regulations governing the preparation of budgets and financial statements by the Board and to approve the annual budget and the financial arrangements made by the Board.

*Section 3*

The Assembly shall have power:

(1) To determine its rules of procedure.

(2) To fix the salaries of the President and the other members of the Board.

(3) To refer to subsidiary commissions, the Board or any other appropriate agency any matter within the sphere of its jurisdiction.

(4) To deal with any matter within the sphere of action of the International Air Transport Authority not specifically assigned to the Board or the Regional Councils.

ARTICLE IV

THE BOARD

*Section 1*

The International Air Transport Board shall consist of a President, elected pursuant to the provisions of Article III of this convention, and twelve members. It shall include one national of each of the eight member states of chief importance in international air transport. It shall also include one national of each of four other states designated by the International Air Transport Assembly for . . . . year terms. The members shall in all cases be appointed by the governments concerned. The Board shall be a permanent body responsible to the Assembly. In the event of any member of the Board ceasing to act, the state which appointed him shall appoint a successor who shall hold office for the unexpired portion of his predecessor's term of office.

*Section 2*

The duties of the Board shall be:

(1) To constitute, subject to the approval of the Assembly, the following Regional Air Transport Councils; (For example, European, North Atlantic, North Pacific, Inter-American) . . . . In constituting a Regional Council the Board shall designated as participating states those member states which are principally concerned in the international airlines of the region. The Board shall also define the boundaries of the region or designate the routes over which the Regional Council shall have jurisdiction. The Board may from time to time revise the lists of participating states and alter the boundaries of the regions or change the designations of the routes.

(2) To decide, subject to the approval of the Assembly, the method of appointment, the salaries and conditions of service of its employees, including those members of the Regional Councils who are appointed by the Board.

(3) To establish the rules of procedure of subsidiary commissions and of Regional Councils.

(4) To administer, subject to the approval of the Assembly, the finances of the International Air Transport Authority.

(5) To grant certificates over routes coming within the jurisdiction of two or more Regional Councils, or of no Regional Council, and in such cases to perform the duties of a Regional Council; or, in its discretion in special cases, to enable one or more Regional Councils to act to the exclusion of any other Regional Council having a technical but not substantial jurisdictional interest.

(6) To conduct research into all aspects of air transport which are of international concern, to make the results of its research known to all the member states and to facilitate the exchange of information on air transport matters between the member states.

*Section 3*

The Board shall have power:

(1) To revoke or alter, after public notice or hearing, any decision of a Regional Air Transport Council including any decision to grant, withhold, alter, amend, modify, revoke or suspend a license and any decision determining frequencies of service, allocation of quotas, or rates of carriage.

(2) To carry out the provisions of Article VII of this convention (Airports and other ground facilities.)

(3) To establish, subject to the approval of the Assembly, subsidiary commissions responsible to it.

(4) To institute such training facilities for its employees as it may consider necessary.

*Section 4*

Decisions of the Board shall be taken by a majority of the votes cast. One-half the members of the Board shall form a quorum. The President shall have a casting vote. The Board shall determine its rules of procedure but the place of its permanent seat shall be decided by the Assembly.

ARTICLE V

REGIONAL COUNCILS

*Section 1*

A Regional Air Transport Council shall be composed of not less than six nor more than nine members. One-third of the members shall be appointed by the International Air Transport Board and hold office at the pleasure of the Board; they shall possess special knowledge of the problems of air transport and shall be nationals of states other than those which are designated by the Board as being principally concerned in the international airlines of the region. The other members shall be appointed by the designated states. The number of members to be appointed by each of the designated states shall be, from time to time, determined by the Board, having regard to the relative importance to each state of the international air transport services under the Regional Council's jurisdiction and to the relative importance of each state in air transport. The members appointed by designated states shall hold office at the pleasure of the government appointing them.

*Section 2*

Decisions of a Regional Council shall be taken by a majority of the votes cast. One-half the members of a Council shall form a quorum.

*Section 3*

Each Regional Council shall appoint a Managing Director who shall hold office for a period of . . . years.

*Section 4*

The duties of a Regional Council shall be:

(1) To grant certificates in respect of international air services within the region; to withhold certificates; to attach to certificates such reasonable terms, conditions and limitations as the public interest may require and as are consistent with the terms of this convention; to alter, amend, modify or suspend any certificate, in whole or in part, or revoke any certificate, in whole or in part, for deliberate failure to comply with any provision of this convention or of any order, rule or regulation issued under this convention or any term, condition or limitation of the certificate.

(2) To review and alter, if necessary, the rates of carriage for passengers and cargo, fixed in the first instance at conferences of air transport operators in that region; and to determine rates of carriage for passengers and cargo, in the event that the air transport operators, after a reasonable period of time, fail to

reach agreement; and to consult with the postal administrations regarding rates of carriage for mail.

(3) To approve or determine rates, as the case may be, which will so far as possible:

(a) Permit the normal commercial revenues of the most economical operator to cover the full costs of operation and reasonable profit, and

(b) Provide that where two or more classes of services are offered as alternatives, and so differ in their characteristics, such as speed and accommodation, as to occasion substantial differences in operating costs, the rates charged should bear an appropriate relation to those differences.[70]

(4) To collect and publish information and cost statistics relating to the operation of international air services within the region.

*Section 5*

In the granting of certificates in respect of international air services, a Regional Council shall act in accordance with the allocation of routes, frequencies and outlets under the provisions of Annex . . . to this convention; but may make additional allocations in accordance with the following principles —

(1) Any State wishing to initiate an international service in a region should have the right to operate a minimum quota of a weekly service, unless its application justifies more;

(2) Any State already operating on a given route should be allowed to increase its frequencies on that route if its existing services are operating with an average payload of more than 60% of carrying capacity.[71]

(3) Any state wishing to initiate a new service over a new route should have its request judged on the following basis:

(a) Average payload carried on services of the applicant state in that region;

(b) Potential traffic to and from the region in which the service is to operate.[72]

(4) If a state wishes to initiate a service which will in part run over a route followed by a service already operated by that state and in part over a new route, the state should put forward its request for a service over the whole route on the same basis as an application for a completely new route. In that case, judgment of the number of frequencies to be allowed should be based upon traffic moving to and from the country of origin of the service to the new area opened up.

NOTE: The term "frequencies of service" means the number of trips on the route per day or per week.

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[70]Note marginale:/Marginal note:
(To be reviewed.)

[71]Note marginale:/Marginal note:
(To be reviewed and become a separate section.)

[72]Note marginale:/Marginal note:
(To be checked and corrected.)

ARTICLE VI

CERTIFICATES

*Section 1*

(1) Applications for certificates may be submitted only through governments of member states. An application by a person or corporation shall be submitted through the intermediary of the government of the member state of which the person or corporation is a national.

(2) An application shall normally be made to the competent Regional Air Transport Council. If the application, however, is for a service which falls within the jurisdiction of two or more Regional Councils or of no Regional Council, the application shall be made to the International Air Transport Board which may refer it to one or more Regional Councils for their opinion.

*Section 2*

(1) The Board or a Regional Council shall not grant, renew, alter, amend, modify, suspend or revoke a certificate except after a hearing, except in case of emergency or under the provisions of Article IX of this convention (Relationship to the International Security Organization).

(2) The Board or a Regional Council shall not grant a certificate unless it is satisfied that the person or corporation applying for the certificate is able properly to provide the proposed air services, and to conform to the provisions of this convention and the rules, regulations and requirements of the International Air Transport Authority and the competent Regional Council.

*Section 3*

(1) The holder of a certificate granted by the Board or a Regional Council, shall have the right to operate to, within, over and away from the territory of any member state to the extent allowed by the certificate and subject to allocation of routes, frequencies and outlets as provided for in Annex . . . to this convention and in Article V of this convention. The certificate may allow the holder to make stops in the territory of any member state for refuelling, repairs, taking on or discharging of passengers, cargo and mail, and for any other purpose; and member states shall allow such stops, provided that no certificate shall grant permission to a person or corporation possessing the nationality of one state to take on passengers, cargo or mail within the territory of any other state for discharge within territory of the latter or within the territory of a third state except with the consent of the member state or member states concerned.

(2) No certificate shall be granted for a period of more than . . . years but certificates may be renewed on application. Any certificate may be revoked, altered, amended, modified or suspended by the Board or by the Regional Council which granted the certificate.

## ARTICLE VII

## AIRPORTS AND OTHER GROUND FACILITIES

*Section 1*

If an air carrier furnished with a certificate by the Board or a Regional Council is of the opinion that the airports or other ground facilities on the territory of a member state are not reasonably adequate for the safe, regular, efficient and economical operation of the air service which it is permitted to perform, it may so inform the government or governments of which it is a national. Such government or governments may, if the complaint is considered to be valid, transmit it to the appropriate Regional Council, or if more than one Regional Council or no Regional Council is concerned, to the Board. After reasonable notice to all member states concerned and after one or more hearings at which these member states shall have the right to be heard, the Board or Regional Council may request the member state to expand its existing facilities or to construct new ones or to man and maintain its existing or new facilities in accordance with standards set by the Board or Regional Council. The Board shall, at the instance of an interested member state, review any request made by a Regional Council and after public notice or hearing may suspend, withdraw, alter, amend or modify its terms. Each member state undertakes, at the earliest practicable moment, to give effect to the requests of the Board or Regional Council.

*Section 2*

The expenses involved in carrying out any such request shall be apportioned as follows:

(a) The member state may elect to bear all or a portion of the costs,

(b) If the member state bears none of the costs or bears only a portion thereof, the costs (or the remaining portion of them, as the case may be) shall be advanced by the Board to the member state and shall be borne by the Board or be apportioned by the Board, over a reasonable period of time, between the states (including the member state constructing the facilities) whose air carriers or services use the facilities.

In cases where the Board advances costs it may require a reasonable share in the supervision of the construction work, in the control of the airports and other facilities, and in the revenues derived from charges levied.

*Section 3*

If a member state so requests the Board may provide, man, maintain and control any or all of the airports and other ground facilities which it requires in the territory of that member state for the safe, regular, efficient and economical operation of the air services which it or a Regional Council has licensed and may impose just and reasonable charges for the use of the facilities. The member state shall either provide the land itself or facilitate the acquisition of the necessary land by the Board on just and reasonable terms.

*Section 4*

A member state may at any time acquire and obtain complete control over facilities on its territory for which the Board has advanced costs under Section 2 of this Article, or which the Board has provided under Section 3 of this Article, by paying to the Board an amount which in the opinion of the Board is reasonable in the circumstances.

ARTICLE VIII

FINANCE

The expenses of the International Air Transport Authority shall be borne by the member states in proportion to the number of votes at their disposal in the Assembly, provided that those expenses of a Regional Air Transport Council which are, in the opinion of the Board, properly chargeable to the states participating in that Council shall be borne by those states in such proportions as the Board may determine.

ARTICLE IX

RELATIONSHIP TO THE INTERNATIONAL SECURITY ORGANIZATION

*Section 1*

The International Air Transport Authority shall be subject so far as questions involving world security are concerned, to the general organization which may be established among the nations of the world for the maintenance of peace and international security.

*Section 2*

The Board, when informed by the International Security Organization that such action is required in the interest of world security, shall immediately and without formal hearing grant, withhold, alter, amend, modify, suspend or revoke any certificate in whole or in part and take the measures concerning technical services, operating facilities and bases which the International Security Organization has directed should be taken.

*Section 3*

The Board shall, when informed by the International Security Organization that such action is required in the interest of world security, constitute, supervise and control one or more operating organizations to operate air services on routes or in regions designated from time to time by the International Security Organization, provided that such operating organizations shall not engage in domestic air transport within any state without the permission of that state. The Board may place operating organizations under the supervision and control of the appropriate Regional Air Transport Council.

## ARTICLE X

### JOINT OPERATING ORGANIZATIONS AND POOLING

*Section 1*

Nothing in this convention shall prevent two or more states from constituting joint air transport operating organizations but such organizations shall be subject to all the provisions of this convention including those relating to certificates and to the registration of agreements with the Board.

*Section 2*

Nothing in this convention shall prevent two or more states from pooling their air services on certain routes or in certain regions but such pooled services shall be subject to all the provisions of this convention including those relating to certificates and to the registration of agreements with the Board.

*Section 3*

The Board, or a Regional Air Transport Council may recommend to the member states concerned that they pool the air services on certain routes or in certain regions or that they constitute joint operating organizations to perform some or all the air services on certain routes or in certain regions.

*Section 4*

A state shall have the right to participate in joint operating organizations either through its government or through an airline company or companies designated by it. The companies may, at the sole discretion of the state concerned, be state-owned or partly state-owned or privately owned.

## ARTICLE XI

### OTHER AGREEMENTS AND ARRANGEMENTS

*Section 1*

This convention shall replace the International Aerial Navigation Convention signed at Paris in 1919, the Ibero-American Convention on Aerial Navigation signed at Madrid in 1926, the Pan-American Convention on Commercial Aviation signed at Habana in 1928, the Convention for the Unification of certain rules relating to International Transportation by Air signed at Warsaw in 1929, and the Convention relating to Sanitary Measures to be applied in International Air Navigation signed at The Hague in 1933.

*Section 2*

The member states severally agree that this convention is accepted as abrogating all obligations or understandings *inter se* which are inconsistent with its terms, and undertake not to enter into any engagements inconsistent with its terms. In case any member state shall, before becoming a member of the International Air Transport Authority, have undertaken any obligations toward a non-member state or a national of a member state or a non-member

state inconsistent with the terms of this convention, it shall be the duty of such member state to take immediate steps to procure its release from such obligations.

*Section 3*

The right of any member state to enter into any convention or special agreement with any other member state or member states concerning international air transport is recognized, provided that the convention or agreement shall not impair any rights or obligations of any of the member states arising out of this convention. Every such convention or agreement shall be forthwith registered with the Board and shall as soon as possible be published by it. No such convention or agreement shall be binding until so registered.

*Section 4*

All agreements or working arrangements between operating companies regarding international air services shall be forthwith registered with the Board and shall not be binding until so registered.

ARTICLE XII

AMENDMENTS, RATIFICATION, ETC.

*Section 1*

Amendments to this convention can be proposed by either the Assembly or the Board. An amendment shall be binding on the member states as soon as it is approved of by the Assembly by at least two-thirds of the total possible votes.

*Section 2*

In case of a disagreement between two or more member states or between one or more member states and the Board relating to the interpretation of this convention, the question in dispute shall, at the request of any one of the interested member states or of the Board, be referred to the Permanent Court of International Justice.

*Section 3*

This convention shall be ratified. Ratifications shall be deposited with . . . who shall notify the other signatory states.

*Section 4*

This convention shall come into force, in respect of ratifying states, when it has been ratified by . . . of the signatory states including . . . of the following: . . . The date of coming into force shall be notified to all signatory states by . . . .

*Section 5*

Any non-signatory state may adhere to this convention at any time after it has come into force. Adherence shall be notified to . . . who shall inform all signatory states.

ARTICLE XIII

DEFINITIONS

For the purposes of this convention the expression:

(a) "air service" means any air service performed by an airship, aircraft or towed glider for public use such as the transport of passengers, mails or cargo, including services under charter such as "air taxis";

(b) "international air service" means (this definition should be reserved);

(c) "member states of chief importance in international air transport" means the eight member states which, under the provisions of the annex to this convention, are entitled to the largest number of votes in the Assembly;

(d) "nationality of aircraft" means the nationality of the state in which the aircraft is registered provided that the aircraft of an operating organization owned by two or more states or by the airline companies designated by two or more states is deemed for the purposes of this convention to possess the nationality of each of the participating states or companies;

(e) "territory" of a state means the territory of a state and its colonies, possessions, protectorates, mandates or territory abroad.

ARTICLE XIV

PROVISIONAL ARTICLE

*Section 1*

After this convention has come into force the member states shall observe the following rules governing the temporary continuation of existing international air transport:

(1) Such of their nationals as are engaged in international air transport shall discontinue their activities within . . . . years unless they are allocated routes, frequencies and outlets under the provisions of Annex . . . or are granted certificates under the provisions of this convention.

(2) If a member state has previously granted to a national of a non-member state any rights of international air transport such rights shall be revoked within two years provided that, if revocation would involve breach of an agreement made within the non-member state, the period of two years may be extended by the Board.

*Section 2*

Until the International Air Transport Board decides otherwise, the jurisdiction of the Regional Air Transport Councils shall extend as follows:

(1) European air transport council: Europe not including the U.S.S.R., the United Kingdom and Ireland.

(2) North Atlantic air transport council: all routes between any point in North America which is north of 40° north latitude and any point north of 40°

north latitude in Europe including the United Kingdom, Ireland and the European portions of the U.S.S.R.

(3) . . . . . .

*Section 3*

Until the International Air Transport Board decides otherwise, the membership of the Regional Air Transport Councils shall be as follows:

. . . . . .

*Section 4*

Until the International Air Transport Board or the competent Regional Air Transport Councils shall decide otherwise the persons of countries to whom routes, frequencies and outlets have been allocated under the provisions of Annex . . . to this convention shall be deemed to possess certificates issued by the International Air Transport Authority to operate the routes designated in the schedule.

*Section 5*

The first meeting of the Assembly shall be summoned by . . . as soon as the convention has come into force to meet at . . . within two months after the date of coming into force of the convention.

*Section 6*

The following procedure shall govern the election of the International Air Transport Board at the first meeting of the International Air Transport Assembly. Each of the eight member states of chief importance in air transport shall, as soon as possible and not later than six weeks after the date of coming into force of the convention, nominate one of its nationals for membership on the Board and the eight persons so nominated shall be deemed to have been elected by the Assembly. Each national delegation may nominate one person to fill one of the remaining four seats on the Board. The chairman of the Assembly shall prepare a list in alphabetical order of all the persons thus nominated and shall submit this list to the Assembly which shall vote by secret ballot. Those four candidates who obtain the highest number of votes shall be considered as elected.

*Section 7*

Until the International Air Transport Assembly shall decide otherwise the regulations governing such matters as air safety, rules of the air, competency of air crew, ground signals, meteorological procedure, navigational aids, communications, airworthiness, national registration and identification of aircraft, carriage of dangerous goods and salvage which are set forth in the attached schedule shall be deemed to have received the approval of the Assembly under the provisions of subsection 5 of section 2 of Article III of this convention (The Assembly) and each member state undertakes to enact or modify its national laws to bring them into conformity with these regulations at

the earliest practicable moment and in no case later than twelve months from the date of the coming into force of this convention.[73]

ARTICLE XV

This convention shall remain in force for a period of . . . years, and not less than . . . months before the expiration of this period the powers and duties granted to the International Air Transport Authority shall be reconsidered at a conference of the member states hereto, and the convention reviewed in the light of the experience gained.

[PIÈCE JOINTE 2/ENCLOSURE 2]

I.C.A.T.P. DOCUMENT NO. 44 SECRET

PARTIE II/PART II

*Mémorandum sur les discussions du Commonwealth concernant le transport aérien*

*Memorandum on Commonwealth Discussions on Air Transport*

*Present Position*

Canadian interests in the field of international air transport continue to lie in the development of satisfactory multilateral arrangements and, in accordance with these arrangements the provision of conditions which would enable Canada to operate certain international air services. Within this framework Canada is interested in a service from Canada to the U.K., a Canadian service to the West Indies and eventually to South America, and services connecting Canada with Australia, New Zealand and the South Pacific.

The Canadian government has strongly advocated a multilateral approach to the problems of international civil aviation, moving slowly in the matter of Commonwealth arrangements until the broader international picture should be clearer. The U.K. and the other Commonwealth members have given evidence of a sincere desire to support a multilateral approach to these problems. The U.S., however, has been the main impediment in this respect adopting an attitude that is nothing more nor less than a return to the unsatisfactory prewar position. Canada's interests lie in pressing for a international conference and a satisfactory multilateral settlement. This U.S. policy may force other countries to take similar steps either in bilateral negotiations or in limited international arrangements based upon common interests. The final Canadian attitude on Commonwealth cooperation must depend upon the general international arrangements which ultimately are made and this factor

[73]La note suivante était dans l'original:/The following footnote was in the original:
The schedule to Section 7 would set forth provisional regulations which would among other things embody some of the rules and regulations contained in the conventions listed in Section 1 of Article XI.

must, of course, be kept in mind by Canadian representatives participating in any Commonwealth conversations.

*Commonwealth Cooperation*

As a matter of general policy Canada has opposed any development creating even the semblance of an overall Commonwealth scheme or the establishment of single Commonwealth unit in the air transport field. On the other hand the routes mentioned would likely be of direct use to Canada after the war on routes which connect with other parts of the Commonwealth although they may serve other areas as well. The establishment of services on routes will be a large task involving extensive financial commitments as well as special arrangements with other countries concerned and every effort to ensure economic operation must be made. Moreover the necessity for prompt action in the establishment of international services after the war has been stressed in previous reports to the government. The U.S. is definitely bent upon operating its own extensive international air services and apparently upon developing its own connections abroad; in other words, it offers little possibility of cooperation. It will be easier to obtain prompt cooperation and assistance from other sections of the Commonwealth than by other means. In addition, these services will have little success unless, in the various areas served, they can make close arrangements with other airlines to provide traffic hookups and agreements both in respect of local and through passengers. Here again the members of the Commonwealth offer a ready form of immediate assistance.

Another point in favour of exploring the possibilities and nature of Commonwealth cooperation arises as a result of a suggestion made to the U.K. by the U.S. in giving notice of its desire to embark upon a bilateral policy; the U.S. implied readiness to make a bargain with the U.K. regardless of other countries. The U.K., if left with no other alternative, might be forced to accept this suggestion but is unlikely to do so unless it fails to find a cooperative attitude elsewhere. Any U.K.-U.S. deal would have unfavourable results for Canada since it would circumvent Canadian interests and weaken the Canadian position.

Other member nations of the Commonwealth have already displayed their willingness to cooperate with the U.K. in some sort of intra-Commonwealth arrangements and will undoubtedly proceed on this basis. Canada will in that event have a choice between standing out or participating and trying to make the pattern of Commonwealth cooperation satisfactory from the Canadian point of view, i.e. non-exclusive, and part of a broader international pattern under any international air transport agency which may be established.

*Canadian Interests*

The foregoing considerations lead to the conclusion that it would be in Canada's interest to explore the possibility of cooperative arrangements with the U.K., Australia, New Zealand, the West Indies and possibly India on a non-discriminatory basis which would avoid the creation of a single Commonwealth front in the field of air transport but would leave each member of the

Commonwealth free to make arrangements regarding international air services within other countries outside the Commonwealth.

The objectives of the Canadian draft convention are as valid for Commonwealth cooperation as for the broader field. All the general principles underlying the convention might well be applied to any arrangements for Commonwealth services although not in a manner which would be considered discriminatory by other nations. The members of the Commonwealth, however, might agree in accordance with these principles that competition should be avoided or at least regulated, that the first four freedoms should apply as between Commonwealth members on Commonwealth services subject to the provision of suitable machinery for allocation of routes.

Beyond this Canadian policy should require the preservation of national identity of operations to the greatest extent possible since otherwise the impression of a unified Commonwealth would be created. Further, it is desirous that in any cooperative arrangements, the right to carry through traffic across Canada be reserved to T.C.A. so that no other Commonwealth operations across Canada need be required. This would be a concession of more value to Canada, India, Australia and South Africa than to the U.K., Ireland, New Zealand, Newfoundland or other parts of the Commonwealth and in view of this distinction it would be difficult to reduce terms of a general principle.

*Possible Methods of Co-operation*

The required degree of cooperation may be achieved by inter-company agreements, by a Commonwealth supervisory agency, by joint operating organizations in given areas, or by joint holding companies with operations being divided among various national units. Joint operations would scarcely be acceptable to Canada since they would raise serious problems in the way of standardization, on an Empire basis, of equipment and operating techniques. Canada has already worked out her own distinct technique of operation based upon high safety and technical standards. Moreover Canada is setting out to provide her own air transport equipment particularly planes based on U.S. designs. Accordingly Canadian participation in a joint operation would be difficult unless the operation were standardized throughout on the basis of Canadian type equipment and Canadian technique — a standardization which the U.K. would scarcely favour in any operation in which she participates and standardization which would be unlikely unless Canada held the controlling interest in the joint operation. Failing this cooperation should be based upon the principle that T.C.A. would maintain its own operations rather than becoming a participant in a joint operation.

With the possible exception of the North Atlantic run the international services in which Canada is interested will involve heavy financial investment at least during the first years of operation. An agreement between Canada, Australia and New Zealand under which T.C.A. provided a service connecting with services from Australia and New Zealand would, for example, be likely to result for one or other of the parties in an inequitable division of costs unless some additional financial adjustment were made since no appropriate meeting

point would be likely to fit in with an even division of costs. This difficultly will exist in varying degrees on other routes and among other members of the Commonwealth. A joint holding company would have the advantage of providing for an equitable sharing of costs. For example, Canada, Australia and New Zealand and possibly the U.K. might become joint shareholders in a company assuming overall financial responsibility for a service from Vancouver to Australasia with individual segments of the service being allotted to each of the participating countries for operation. In short, the joint holding company would be a device to maintain international identity of operations while providing for supervision and coordination of a series of operations and for a fair sharing of costs. It need not be politically unacceptable so long as its activities are limited to specific routes rather than covering all, or even the majority, of Commonwealth services. (See Appendix B).†

A further possibility is the conclusion of inter-company agreements which would be supervised by a Commonwealth Council or regional Commonwealth Councils (See Appendix A).† A Council might be given either executive or advisory functions in respect of rates, schedules and division of financial responsibility. If a single Council were set up, for the whole Commonwealth yet limited to Commonwealth members, it would be desirable to restrict it to an advisory capacity again in order to forestall the development of the unitary Commonwealth. If, however, regional Councils were established, they might be given regulatory rather than advisory powers.

A joint holding company would have certain advantages over a Commonwealth Council. Its functions could be limited to specific regions whereas the tendency would be to set up an overall Commonwealth Council with general responsibilities, dealing with areas in which Canada was not directly interested. Thus, the holding company might be less likely to foster the development of any tendency to treat air transport within the Commonwealth as a single problem. Moreover the problem of financial responsibilities would probably be politically easier under limited holding companies than under an overall Commonwealth Council. It may, however, be difficult to avoid the creation of a Commonwealth advisory body unless an effective international agency to fill the same need is established.

In any event Canada should make certain that whatever policy is adopted none of the arrangements constituted a barrier to the establishment of an effective international air transport and all arrangements would be subject to any such authority which might be established; that the arrangements did not create discriminatory conditions which would hinder the activities of other countries in respect of air services; and that members of the Commonwealth should remain free to make arrangements regarding services to and from other countries.

One consideration which should not be lost sight of is the possibility of establishing an organization similar to that mapped out in the Canadian draft convention, among the members of the Commonwealth, making membership open to any other nation which wished to join. (See Part I, Appendix I). Any step in the direction of such an authority would be unwise if it were limited to

the Commonwealth members in view of the position of States such as France, Belgium, the Netherlands who would then be caught between two fires, the U.S. and the Commonwealth. The fact that membership was open to other nations would prevent any charge of Imperial discrimination. There would be obvious disadvantages in setting up an organization of this sort if the U.S. were not a member although it could be argued that this disadvantage would be no greater than those which would follow from a return to the pre-war situation as a result of U.S. opposition to any more effective international arrangements.

*U.K. Interests*

In view of the fact that the U.K. already is aware of Canadian objections it is not likely to press strongly for a single Commonwealth company to operate the main Commonwealth air routes. It is more likely that it will propose limited joint holding or operating companies and possibly an advisory Commonwealth Council. In this connection there may be certain areas in which the U.K. for reasons of prestige, will wish to participate in operations which primarily fall within the sphere of other Commonwealth members. For example in the Pacific area a Canada-Australasia service would be of primary interest to Canada, Australia and New Zealand, yet the U.K. would be likely to wish some share in such a service. In this case the question must arise whether the U.K. might be allowed, for example, to participate in a holding company (it would scarcely be feasible to turn any segment of this service over to the U.K. for direct operation), or to participate in a Commonwealth regulatory or advisory agency established for that particular region.

Moreover while at first sight it would appear that the best solution would be a joint Canadian-Australian-New Zealand and possibly U.K. holding company for operations from Canada to Australasia, the U.K. may wish to extend this plan to cover a service from the U.K. to Australasia by way of Canada and possibly by way of the Caribbean as well and may suggest a joint holding company for this purpose.

In this Canada's interests would be served by maintaining the separate identity of Canadian operations, by holding to the "segment" principle as opposed to joint operations. Granted this point, Canada could then consider the desirability of a joint holding company. It would, however, be in Canada's interest to limit the activities of a holding company to the Pacific area rather than stretching it to cover all services between the U.K. and Australasia by way of North America.

*North Atlantic*

The pattern suggested in London in October 1943 offers a satisfactory starting point and other members of the Commonwealth could be informed that if Canada were allowed to participate effectively in the three areas of interest to Canada — the North Atlantic, the Caribbean and the Pacific, no attempt would be made for a given period of years, (e.g. five) to enter into competition with British or Commonwealth lines in the Mediterranean, Western Europe, Africa, Central and Southern Asia or Southern Latin

America. This would, however, leave Canada free to make any arrangements that might appear desirable with the U.S.S.R. regarding a service by way of Alaska and Siberia — a service which might be acceptable to the U.S.S.R. in view of her reluctance to deal with the U.S. in this connection. On the North Atlantic where potential air traffic is relatively great Canada should insist upon maintaining a separate operation alongside any U.K. service which may be established. Parallel U.K. and Canadian services should have equal landing and traffic rights with schedules and rates subject to joint or international supervision. Canadian representatives might, in the first instance, keep the door open for the extension of Canadian service to Europe but could be prepared to give this up and to feed all traffic from the Canadian line into the U.K. services to Europe if, in return, any U.K. North Atlantic service fed its through traffic into the T.C.A. system in Canada. The U.K. might seek permission to carry local traffic between Canada and the U.S. but this right should be reduced since it would result in direct competition with local Canadian services to the U.S.

*Caribbean Area*

In the Caribbean area there should be an attempt to persuade the U.K. to leave operations from North America to the West Indies and possibly on to Brazil for operation by T.C.A. This would leave the U.K. an equally effective route to South America by way of North West Africa and the bulge of Brazil. This agreement might be based upon the mutual understanding that the T.C.A. would feed any traffic for Africa and for the time being, the Argentine or Western South America, into the U.K. service somewhere in Brazil or the northern part of South America and vice versa. Here the problem may be the connecting point and main choice may be between Trinidad and a Brazilian airport. In the long run Canada is likely to require a Brazilian terminal although in the initial stages Canadian service may operate only to Nassau or at the most Trinidad.

A further relevant point is the relation between T.C.A. and B.W.I.A. There would be obvious advantage in using B.W.I.A. as a feeder service through the West Indian Islands and it might even be desirable for Canada to undertake some financial responsibilities in connection with B.W.I.A. if this appeared the most satisfactory method of linking with it.

*Pacific Area*

In respect of the Pacific, Canadian interests lie in making arrangements for T.C.A. to operate a segment of the route rather than participate in a joint operation and in supporting the idea of a joint holding company for the route or alternatively of some agency with power to adjust rate schedules and financial responsibilities. If possible arrangements should be limited to the Pacific rather than extended to cover a wider area. The route to Australasia by way of the Asiatic mainland offers more possibilities for traffic than a direct trans-oceanic route but would take considerably longer to place in operation since negotiations with U.S.S.R., China, and other countries would be involved. This, of course, is a longer route as well in respect of flying time. This situation

will probably lead Australia and New Zealand to press for early establishment of a direct oceanic route by way of Hawaii. In this event it would be in Canada's interests to limit the Canadian segment of operation to the route between Honolulu and the North American mainland at the same time keeping the door open for reconsideration of the route and eventual establishment of a service by way of China either in place of or in addition to the direct trans-oceanic service.

*Conclusions*

While much give and take would be necessary on specific details Canadian interests would, in general, be satisfied if other members of the Commonwealth accepted the following general principles:

(1) The primary objective of each member of the Commonwealth remains the securing of a multilateral international agreement along the lines of the plan prepared during the Commonwealth discussions in 1943 and subsequently expanded in the Canadian draft convention.

(2) The principle of Commonwealth cooperation would be subject to later review in the light of the results of the forthcoming international conference on air transport and any intra-Commonwealth arrangements should be subject to the powers which may be exercised by an international air transport authority.

(3) Intra-Commonwealth arrangements should be on a non-exclusive basis; they should not block the establishment of service by other nations or negotiations between individual members of the Commonwealth and other nations.

(4) Freedoms One to Four should apply between Commonwealth countries on agreed intra-Commonwealth services.

(5) As far as possible each Commonwealth member should provide the international services within its own area so that intra-Commonwealth routes would be established on the basis of nationally operated connecting segments rather than on the basis of joint operations.

(6) There should be no competing intra-Commonwealth services except on routes where the traffic offering is sufficient to justify the establishment of more than one service (e.g. North Atlantic).

(7) Where parallel services may be established between members of the Commonwealth their rates and schedules should be subject to joint agreement.

(8) While the advantages of any Commonwealth advisory council should not be overlooked at this stage, any final decision particularly in respect of powers and functions should be deferred until some indication is received of the powers which may be granted to an international air transport authority.

If the government approves these general conclusions the Canadian representatives might participate in Commonwealth conversations within this framework on the following basis:

(a) That Canada would be interested in playing some part in some operation across the North Atlantic, southward to the Caribbean and possibly Latin America and across the Pacific to Australasia.

(b) Canada would reserve the right to make arrangements for other international services which she might wish to operate but which did not fall directly within the pattern of intra-Commonwealth routes.

(c) Canada would be prepared to consider participation in some form of joint holding company for specific operations rather than in a Commonwealth Advisory Board.

(d) Canada would wish T.C.A. to be accepted as a medium of carriage for Commonwealth traffic across Canada.

**270.** DEA/72-MK-4-40

*Mémorandum du bureau du Conseil privé au secrétaire, le Comité de guerre du Cabinet*

*Memorandum from Privy Council Office to Secretary, Cabinet War Committee*

SECRET Ottawa, October 30, 1944

MEMORANDUM FOR MR. A. D. P. HEENEY:

You have already received a set of the minutes of the Commonwealth Air Conversations held in Montreal last week.[†] These will perhaps be more intelligible if I outline in general terms the nature of the decisions that were taken.

I. INTERNATIONAL CONTROL OF AIR ROUTES — MILITARY, ECONOMIC AND TECHNICAL

(a) *International Ownership and Operation of all Civil Airlines.* Australia and New Zealand favoured this as the highest form of international co-operation in the interests of peace and cheap transport for all. Other countries did not think "internationalization" possible of attainment. Australia and New Zealand will, however, promote their proposal at Chicago, with or without the support of the balance of the Commonwealth.

(b) *The Canadian Draft Convention.* It was the view of the United Kingdom, supported principally by India, that the Canadian Convention required amplification. In its present form it was limited in scope to the economic control of commercial air operations (the allocation of routes and the control of frequencies and rates). With the approval of all, the Canadian Convention was amended, into it being woven provisions from the Paris, Havana, and Warsaw Conventions[74] in respect of technical and air navigation matters.

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[74]Voir Grande-Bretagne, *Treaty Series*, 1922, N° 2 (la Convention de Paris); États-Unis, *Foreign Relations of the United States*, 1928, Volume I. Washington, U.S. Government Printing Office, 1942, pp. 585-95 (la Convention de l'Havane); Grande-Bretagne, *Treaty Series*, 1933, N° 11 (la Convention de Varsovie).
See Great Britain, *Treaty Series*, 1922, No. 2 (Paris Convention); United States, *Foreign Relations of the United States*, 1928, Volume I. Washington, U.S. Government Printing Office, 1942, pp. 585-95 (Havana Convention); Great Britain, *Treaty Series*, 1933, No. 11 (Warsaw Convention).

The amended document to be sponsored by Canada,[75] was promised the support of all at Chicago.

(c) *Operators Conferences.* Failing acceptance of (b), the United Kingdom proposed, and ultimately secured full support of, a system of operators conferences under which corporations engaged in air transport would mutually determine the allocation of routes, frequencies and rates, to govern their commercial operations; these conferences in turn would be subordinate to the jurisdiction of some governmental authority. Thus the principle of the control of competition would, in essence, be achieved and made the responsibility of the operators themselves who would become advisors to their governments and formally subject to their will.

(d) *Bilateral Agreements and Standard Clauses.* Failing acceptance of (b) and (c), and supposing reversions to bilateralism, an attempt would be made to salvage the principle of controlled competition, by insertion in all bilateral agreements of standard clauses which would secure, *inter alia*, (1) the regulation of frequencies, quotas, and rates, (2) an undertaking to facilitate the establishment as soon as practicable of an effective international authority, (3) that bilateral agreements be coterminous with a given transitional period, should the latter be considered necessary.

### II. COMMONWEALTH AIR ROUTES

Each country was asked to indicate routes of possible interest to it. These were marked on a map. They make a surprisingly comprehensive system with relatively little duplication, apart from the universality of the United Kingdom interest.

### III. METHODS OF OPERATION

There were before the Conference two main propositions:

(1) Australia and New Zealand favoured a single operating commonwealth corporation (assuming failure to secure internationalization)

(2) the balance of the countries considered (1) impracticable and favoured a series of national companies, operating in co-operation, each over the lines with which the various countries were by nature identified. Joint operations would in some cases be favoured.

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[75] *Projet préliminaire révisé d'une convention internationale de l'air.* Ottawa, Imprimeur du Roi, 1944. Publié aussi dans États-Unis,
*Revised Preliminary Draft of an International Air Convention.* Ottawa, King's Printer, 1944. Also published in United States,
U. S. Department of State Publication 2820, *Proceedings of the International Civil Aviation Conference, Chicago, Illinois. November 1-December 7, 1944.* Volume I. Washington, U.S. Government Printing Office, 1948, pp. 570-91.

### IV. COMMONWEALTH CO-OPERATION

Regardless of the outcome at Chicago, it was considered desirable to form a Commonwealth air transport council to act as an advisory and consultative body, to work out the details of Commonwealth co-operation and to secure the advantages of a single company operation whilst preserving the principle of independent national operations.

### V. TRANSITIONAL PERIOD

The Conference agreed that during the transitional period (here identified with the period during the balance of hostilities) (1) existing military services should be retained on a military basis, (2) expansion of civil services should be restricted, (3) if necessary, in the interests of the Commonwealth, carriage of civilians in military transport should be arranged.

Meanwhile the R.A.F., R.C.A.F., R.A.A.F., R.N.Z.A.F. should co-operate in opening a trans-Pacific service from the U.K.-United States to Australia, the R.C.A.F. operating the link from Dorval to San Diego. Similarly a proposed southern route — United Kingdom, Azores, Jamaica, British Honduras, Clipperton Islands, Marquesas was considered of primary importance — the R.C.A.F. would link this route with the northern route by a Canada-Carribean service.

### VI. TECHNICAL QUESTIONS

The Conference found ready agreement on the need for standard practices and co-operation on technical questions.

In respect of the designation of specific types of aircraft for operation over Commonwealth routes, the Conference split: the United Kingdom headed a group in favour of the use of similar types of aircraft throughout (presumably British types); Canada and South Africa disagreed and would have limited the definition to aircraft of similar overall characteristics.

### VII. RATIFICATION

It was understood that the discussions at Montreal were on the official level and as a body the session had no power of decision beyond the submission of unanimous recommendations to the respective governments.

The foregoing would form the basis of each country's approach at Chicago.

P. A. CUMYN
Wing Commander

**271.** DEA/72-MK-4-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire général, la Conférence internationale sur l'aviation civile*

*Secretary of State for External Affairs to Secretary General, International Civil Aviation Conference*

Ottawa, October 30, 1944

Sir,

The Canadian Delegation to the Conference consists of the following:

DELEGATES

Honourable C. D. Howe,
Minister of Reconstruction, Head of Delegation.
Mr. H. J. Symington,
President, Trans-Canada Air Lines.
Mr. R. A. C. Henry,
Chairman, Air Transport Board.

ADVISERS

Mr. J. A. Wilson,
Director of Air Services, Department of Transport.
Air-Marshal W. A. Curtis,
Department of National Defence for Air.
Mr. R. M. Macdonnell,
Department of External Affairs.
Mr. J. R. Baldwin,
Privy Council Office.
Mr. Escott Reid,
Canadian Embassy, Washington.

TECHNICAL ADVISERS

Air Vice-Marshal A. Ferrier,
Air Transport Board.
Mr. J. P. R. Vachon,
Air Transport Board.
Group Captain W. F. Hanna,
Royal Canadian Air Force.
Mr. A. D. McLean,
Controller of Civil Aviation, Department of Transport.
Mr. J. R. K. Main,
Department of Transport.
Mr. O. T. Larsen,
Trans-Canada Air Lines.
Captain J. R. Baker,
Trans-Canada Air Lines.
Mr. S. S. Stevens,
Trans-Canada Air Lines.
Mr. C. Proudfoot,
Trans-Canada Air Lines.

SECRETARIES
Wing Commander P. A. Cumyn,
Privy Council Office.
Mr. J. Fournier,
Department of External Affairs.

The following additional Technical Advisors will remain in Canada and will be available if their services are required:

Mr. W. A. Rush,
Controller of Radio, Department of Transport.
Dr. J. Patterson, O.B.E.,
Controller, Meteorological Division, Department of Transport.
Mr. Stuart Graham,
Department of Transport.
Mr. F. G. Nixon,
Department of Transport.
Mr. P. D. McTaggart-Cowan,
Department of Transport.

I have etc.

H. L. KEENLEYSIDE
for the Secretary of State
for External Affairs.

**272.** DEA/3-Cs

*Un conseiller, la délégation à la Conférence internationale sur l'aviation civile, au sous-secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to International Civil Aviation Conference to Under-Secretary of State for External Affairs*

Chicago, November 9, 1944

Dear Mr. Robertson,

I am very sorry that I have not before now sent you a report on what has been going on at this conference. As you will realize, however, we have been extremely rushed.

2. Committee I of the conference is dealing with a "Multilateral Aviation Convention and International Aeronautical Body." This is divided into three sub-committees; Subcommittee I on "International Organization" of which Viscount Alain du Parc (Belgium) is chairman; Subcommittee 2 on "Air Navigation Principles" of which Mr. L. Welch Pogue (United States) is chairman; and Subcommittee 3 on "Air Transportation Principles" of which Mr. Symington (Canada) is chairman.

3. Parts I and II of the Canadian Convention have been taken as the basis of discussion in Subcommittees 1 and 3. The relevant sections of the United States draft,[76] a copy of which I enclose, (Document 16)[1] has been taken as the basis of discussion in Subcommittee 2.

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[76]Voir États-Unis:/See United States:
*Proceedings of the International Civil Aviation Conference*. Volume I, pp. 554-66.

4. In Subcommittees 1 and 3, the Canadian draft has been read through once, article by article, Mr. Symington giving an explanation of each article after it is read. A very limited amount of discussion has taken place, and the reading of the articles involves no commitment on the part of anyone.

5. The members of the conference have now been invited to submit amendments to the Canadian draft and we also, of course, are working on amendments in order to narrow the gap between our proposals and those of the United States and other countries.

6. It is clear, however, that most states are realizing that the main struggle at the conference is between the United States on one side, and the United Kingdom on the other, with Canada in between, and are reluctant to commit themselves to either side. They are waiting until they see how far the United Kingdom and the United States can resolve their differences; if they can resolve them, then they will be in the happy position of not having to take sides.

7. This is a not unnatural position for these states to take and we are, therefore, making no efforts to persuade them to commit themselves at this stage. Instead we are doing our best to draft revisions of our convention which will prove generally acceptable to both the United States and the United Kingdom. We are already meeting with some success in this and tomorrow representatives of the United States, the United Kingdom and Canada are going to get together to try to iron out their differences.

8. The sections in our convention which we are now concentrating on in our informal discussions with the British and the Americans are Section 1 and 2 of Article IV on the Board and Section 5 of Article V on the Regional Councils. I attach our latest draft of these sections.[1]

9. You will have noticed that the United States proposal on the constitution of the Interim Council was entirely unacceptable to us, since it provided for a fifteen-member Council of which "two members . . . shall be appointed by the Government of the United States; two by the Government of the Union of Soviet Socialist Republics; two by the Government of the British Commonwealth of Nations; and one each by Brazil, China and France." Fortunately, the Latin Americans took the lead in attacking this proposal and I think it is dead. State Department officials have told me that it did not originate in the State Department. My own feeling, when I first read of it, was that it might have originated in the White House, but I have no evidence of this.

10. Clearly we cannot get through this conference an Air Board consisting of eight members from the states of chief importance in international air transport, and four from the other states. We are, therefore, prepared to compromise on a 50-50 division — either 6-6 or 7-7. Mr. Symington's effectiveness in discussions at this conference is in large part due to his ability to talk not only as a business man, but as the head of an airline company. As such, he keeps insisting on the necessity of creating an effective organization which can act quickly. Consequently, he feels that it would probably be better

for us to agree to a Board of twelve members, even if we run the danger that we may not be included as one of the six states of chief importance in air transport. I entirely agree with him on the necessity of keeping the Board small, and I think that our chances of being left off the Board, either as a permanent member or as one of the elected members, are so slight that we have little to worry about.

11. The Indians last night pushed hard for acceptance of the Dumbarton Oaks formula under which the five Great Powers would be permanent members of the Air Board and all the other members would be elected. They wanted the elected members chosen by regions. We took an uncompromising position on this and rejected it out of hand as being inconsistent with the functional principle of representation on international bodies. We will, of course, continue to maintain the functional principle in the discussions on the Air Board. The chances of the functional principle not being adopted for the permanent membership are, I think, very slight.

12. Mr. Howe's speech[7] and the revised Canadian convention have obviously weakened the whole United States position at this conference. The line which Mr. Berle took in his opening speech on the presentation of the United States view was that the United States could not agree to the setting up of an international authority which, in the absence of established law, rules, principles and criteria could act arbitrarily, and he threw out a challenge to states to bring forward precise formula. This, of course, we did in Mr. Howe's speech and in the revised convention, and we have made it clear that we are willing to go as far as the United States want to go in spelling out in the convention every last rule, principle, criteria and comma to cover every eventuality.

13. We realize, of course, that even if we can come to agreement with the United States on all these principles, etc., the United States still has a high hurdle to get over. What they are afraid of is that when the convention or treaty comes before the Senate or the House someone is going to get up and say — "You have agreed to a convention under which a foreign body can say to a United States airline — you cannot fly here, and you cannot fly there, or you can run only so many services a day or a week here or there." Mr Stokeley Morgan, the head of the Aviation Division in the State Department, frankly told me that this us the thing that worries him most. Their worries would, or course, be sensibly diminished if the United States airline companies could be sold on the convention but, as Mr. Morgan put it to me yesterday, none of them, except Pan American, have any knowledge of international air politics and law, and they don't realize that if we continue with the pre-war regime in the air, an American airline company cannot go into a foreign country, or increase its frequencies, until the State Department gets permission from all the foreign governments concerned.

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[7] *Ibid*, pp. 67-74.

14. It is, I think, conceivable that if we come to an agreement on principles, etc., which should govern the various international organs, the Americans may state, as Berle implied yesterday at his press conference, that there is no necessity for establishing these organs on other than a purely advisory basis, that all that is necessary is that the various states sign a convention undertaking to abide by these principles.

15. We would find it most helpful to have your advice on how best to meet this argument. My guess is that our answer should be two-fold. We should say that numerous controversies would arise between the states signing the convention on whether the other states were, in fact, carrying out the convention, that this would result in a lot of diplomatic discussion, and if discussion through diplomatic channels did not result in satisfaction, appeals would be made to the Permanent Court of International Justice on the legal question of whether, in fact, the state concerned had violated the convention; the questions at issue would be so technical that the Court would have to set up a Board of Assessors on air matters to advise it and this Board would amount very much to our proposed World Air Board, without many of the advantages of the kind of Board which we propose.

16. The second part of the answer would, I suggest, be that there is a great advantage in setting up small bodies of members with long tenure, who get to know each other, who learn to work with each other, and who are, therefore, able to deal with controversies between states more easily than if no permanent body existed.

17. You will recall that at the Montreal meeting we agreed to revise Section 3 of Article I on the Reservation of Services between Contiguous Member States. Under the March 17 draft, services would be reserved from the jurisdiction of the international authority if one of the states concerned desired to reserve. Under the present draft, agreed to in Montreal, services are reserved only if both states want to reserve.

18. Mr. Symington is concerned about this amendment which we accepted. He is afraid that if the United States were to sign a convention along the lines of our present draft, they would not want to reserve services to Canada; the Canada-U.S. services would then come under a North American Regional Council, and we would not get as good a deal out of that Council as we would be likely to get as a result of a bilateral bargain with the United States.

19. While Mr. Symington has moved in this direction since Montreal, the British have moved in the opposite direction. They are afraid that under the section as at present drafted, the European states could establish a whole network of routes in Europe which would be outside the jurisdiction of the international authority. They would, therefore, like us to consent to the withdrawal of the whole proviso. Alternatively, they would want the proviso to cover services between adjacent or neighbouring countries so that they could make their own bilateral agreements with France, the Netherlands and Belgium.

20. If this United Kingdom proposal were to go before the conference they might well get the support of countries like Cuba, and Australia and New Zealand might do their utmost to get a proviso under which they would be regarded as adjacent countries.

21. Mr. Symington would like to get the proviso back in its March 17 form. The United Kingdom, however, will certainly oppose this. How the other powers would line up I don't know. Brazil would, I suppose, support us because it touches almost every country in Latin America. The European powers would probably support us. It would also, of course, be a sop to the Russians.

22. If it got to a vote we might, therefore, be able to carry it, but the United Kingdom would do its best to have the word "contiguous" changed to "adjacent" or "neighbouring." This, in my opinion, would open so large a loophole in the convention that there would be danger that the purposes of the convention would be frustrated.

23. A possible compromise formula has occurred to me which I shall put up to Mr. Symington. That is that Section 3 of Article I should read as follows:

"The Authority shall have exclusive jurisdiction pursuant to the provisions of this convention, over international air services other than services which are extensions of not more than . . . miles in length of a domestic service to the territory of a contiguous, adjacent or neighbouring state."[78]

24. Mr. Berle returned to the conference yesterday morning after having been away for a day or two. In the afternoon he gave a press conference which was somewhat disturbing. Though he is supposed, at his press conferences, to speak as chairman of the conference, he undoubtedly was speaking as head of the American delegation. He told the newspaper men that there was no chance of the conference agreeing on anything except an Authority with advisory powers. Fortunately, some of the more intelligent newspaper men, such as Russell Porter of the *New York Times*, knew enough about what is actually happening at the conference to refuse to send out Mr. Berle's remarks as being their opinion of the present state of the discussions. Mr. Berle's talk was doubly dangerous because it was all off the record and could not be attributed to him.

25. In private conversation Mr. Berle takes exactly the opposite line. Why he should have put on a public exhibition of this character I do not know, but one of the American newspaper men thought the results of the election had made him "drunk with power."

26. The Dominions Office representative here has told me in the strictest confidence that before the United Kingdom delegation left London, Lord Swinton secured from the Cabinet an instruction that he was not to include the Irish in any Commonwealth meeting; the United Kingdom delegation was, however, to maintain friendly relations with the members of the Irish delegation. The Dominions Office representative was entirely frank in telling me what is, no doubt, known to you, that this policy of excluding the Irish from

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[78]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
I have shown this to Mr. Symington and he doesn't like it.

the Commonwealth councils is a policy which Mr. Churchill has forced on the British Cabinet.

27. The attached letter, signed by Mr. Baldwin, will supplement the information given in this letter, and will deal with the work of the committees which he has been attending, and the technical committes.

28. We shall look forward to receiving your comments and advice on the various problems raised in this and in Mr. Baldwin's letter. The reason I have made this report so long is to enable us in our future communications with you to refer to the relevant paragraphs of these letters.

Yours sincerely,

ESCOTT REID

November 10, 1944.

P.S.

I attach a marked copy of the article in the *New York Times* for November 9 by Russell Porter.[†] With the exception of the first four paragraphs the article is clearly a summary of what Mr. Berle said at his press conference on November 7. These statements of Mr. Berle's consititute the basis for the conclusion reached in paragraph 14 of this letter.

Mr. Symington's press conference yesterday went off extremely well, and I think we can be pleased with the account of it which appeared in today's *New York Times*.

E. R[EID]

Enclosures[†]—

Article IV, Sections 1 and 2 — redraft of November 10.
Article V, Section 5 — redraft of November 10.
Conference Document 16.
Article in *New York Times*.

[PIÈCE JOINTE/ENCLOSURE]

DEA/3-Cs

*Un conseiller,*
*la délégation à la Conférence internationale sur l'aviation civile*
*au secrétaire d'État aux Affaires extérieures*

*Adviser, Delegation to International Civil Aviation Conference*
*to Under-Secretary of State for External Affairs*

Chicago, November 9, 1944

Dear Mr. Robertson:

Mr. Reid has asked me to supplement his exhaustive study of subcommittee one and three of Committee I.

2. Committee I has a further subcommittee (2) which is dealing with the principles of air navigation to be included in any permanent document. In view of the fact that the Canadian Convention had been accepted as the basis for

consideration in subcommittees one and three, it was agreed that the American Convention to the extent that it dealt with air navigation as separate from air transport should be used in subcommittee two. This subcommittee is dealing merely with the general articles in the field of air navigation which would have to be included in a permanent document. These broadly speaking parallel the Part 2 of the revised Canadian Convention. No substantial problems are likely to arise in this subcommittee. One or two relevant articles in the American Convention overlapped into the field of air transportation principles, i.e. in particular, grant freedoms one and two multilaterally for commercial services. We have, with full support of sympathetic delegations, taken the position that while subcommittee 2 may discuss this it can only be decided finally in subcommittee three since it is fundamentally a part of the field of air transport.

3. Main Committee II of the Conference also deals with air navigation but is now broken up into a large number of subcommittees which are dealing with voluminous technical annexes covering the whole field of air navigation and submitted by the United States. These presumably would become annexes to any permanent convention. The work the United States has done in this field is extremely valuable. We, as you know, have a large quantity of technical advisers down for this job. At first the United Kingdom were inclined to avoid any action on these annexes on the ground that they did not have sufficient technical people here, but they have sent for a large supply of technical experts and I think it is intended to agree if possible substantially on all annexes. None of the other delegations are adequately supplied with technical advisers to do this work but it seems generally to be accepted that if the documents are satisfactory to Canada, the United States and the United Kingdom, they will be suitable to the others. As a matter of fact, the Ethopian delegate asked us if we could lend him a technical adviser. It is estimated that there is still ten days of relatively hard work to be done on these annexes. Canada as a result of the discussions in Montreal has proposed the addition of two or three new annexes covering such fields as form of documents, salvage, insurance and accident etc.

4. Main Committee III and IV of the Conference deal respectively with provisional arrangements for services during the transitional period and the establishment of an interim council for the same period. At the outset of the Conference it was quite evident that the United States intended to concentrate its efforts upon the activities of these committees rather than on permanent organization. Mr. Berle himself has taken the committee on provisional arrangements in hand.

5. This committee has established one working subcommittee while the committee on an interim council has established two working subcommittees, one on the nature of an interim council and the other on powers and duties.

6. We have taken the stand in both committees generally and have received sufficient support from other delegations to carry our point that in neither case can any official agreement be worked out until fundamental agreement has

been reached upon principles for a permanent organization. The United States in main Committee III submitted a document which was in effect an interim convention complete with annexes of provisional routes to be operated during the transitional period. The document covered all the necessary rights for the operation of these services and would in effect have been a multilateral agreement providing a complete pattern of routes for the beginning of the transitional period. As a result of discussion the committee seems to be swinging to the position, however, that rather than attempt this (which might, of course, prejudice our work for a permanent body here) the goal should be the establishment of a standard type of agreement incorporating standard clauses which would be used in bilateral or multilateral dealings during the transitional period. The United States has also accepted the position in both this committee and Committee IV that to as great an extent as possible all arrangements covering the transitional period should include the principles agreed upon for a permanent authority. In consequence the discussion in the subcommittees of both committees centered largely upon a few points upon which there can be no possible objection and upon a few special points which have to be dealt with in the transitional period and which are not relevant to a permanent organization. All these subcommittees have virtually completed their work now as far as can be done at present and will not be able to go ahead until the main decisions in subcommittees one and three of Committee I have been taken. On the whole we feel that this is a satisfactory position.

7. The general remarks I have made in the foregoing paragraphs of the work of Committee III apply also to Committee IV and its subcommittees. The only additional feature here has been the vociferous opposition of a number of the nations, centered around the Latin American group, to the United States proposals for constitution of an interim council; these are roughly the same as their proposals for a permanent council, i.e. weighted voting with inadequate representation for any nations other than the great powers. Mr. Reid's comments on this in his letter apply equally to both the United States permanent and transitional proposals. The only addition to his remarks which I might offer is the fact that a Latin American bloc is understood to be planning to come forward with its own proposals for constitution of a council which would apply to both the interim and the permanent period and that these proposals also are likely to prove unsatisfactory in that they will go to the other extreme of inadequate functional representation.

Sincerely yours,

J. R. BALDWIN

**273.** DEA/3-Cs

*Rapport d'un conseiller,*
*la délégation à la Conférence internationale sur l'aviation civile*
*au sous-secrétaire d'État aux Affaires extérieures*

*Report from Adviser,*
*Delegation to International Civil Aviation Conference*
*to Under-Secretary of State for External Affairs*

Chicago, November 12, 1944

Dear Mr. Robertson:

This afternoon at 4.30 we held the first meeting of the three great air powers. There were present:

*From the United States*
Mr. Berle,
Mr. Pogue, and
Mr. Burden.

*From the United Kingdom*
Lord Swinton,
Sir Arthur Street, and
Mr. Cribbett.

*From Canada*
Mr. Howe,
Mr. Symington, and
myself.

The meeting lasted until 7:45 with a half-hour's intermission.

2. Mr. Berle, of course, was in the chair, and he began by stating that he thought it would be best to have the discussions take place under the following three heads:

(1) Rules of the game.

(2) What the international authority ought to be and do (including under this the discussion of ports of commercial entry).

(3) In the event of our being able to reach agreement, the tactics we should follow in presenting the conclusions to the full conference.

3. There was general agreement that this was the intelligent way of approaching the problem.

4. Mr. Berle then presented the enclosed document, which is dated November 11, and which is entitled — "Basic Policies with Respect to the Conduct of International Air Transportation During the Interim Period."

5. It became clear from the discussion which ensued and from informal talks which I had during the short adjournment with the members of all three delegations that the presentation of this paper had precipitated a first-class crisis. Lord Swinton, who does not appear to have that mastery of understatement which is normally required of diplomatic negotiators, said that it was "quite impossible to do" anything at this conference about the designation of airports. He then complained, "I only wish I had had a chance of seeing this

document earlier." Later in the discussion, commenting on some remark of Mr. Berle's he said, "I resent that".

6. Mr. Berle did not improve the situation when he referred, speaking he said "very bluntly", to the negotiations which were taking place between certain United Kingdom interests and certain Argentine interests by which United Kingdom airlines would be able to operate in South America under the guise of Latin American companies.

7. Before the discussion had gone on for more than perhaps thirty minutes, it became clear that we were headed in the direction of a full-dress debate between the United Kingdom and the United States on the general principle of whether there should be international control of frequencies. It also became clear that if this debate took place, Lord Swinton would have evinced remarkably little knowledge of what he was talking about.

8. Mr. Howe had arrived at the hotel just as the meeting began, and we had not, therefore, had a chance of any discussions with him in order to bring him up-to-date on the developments which had occurred since he left. We therefore pleaded this to Mr. Berle as an excuse for adjourning the meeting for a quarter of an hour so that Mr. Symington and I could have a chance to have a talk with Mr. Howe.

9. Mr. Howe and Mr. Symington agreed that I might try to persuade Mr. Berle and Lord Swinton not to resume the argument which had consumed an hour or hour and a half, but to discuss our latest draft of Section 5 of Article V, copies of which I enclose. (Edition of November 13, 1944 — one star.)[1]

10. I was able to get Mr. Berle by himself. He was in a raging temper with Lord Swinton. He accused the United Kingdom delegation of having misled the United States delegation completely about their position by some message which they had sent through Dr. Warner previous to the meeting this afternoon. He was obviously eager to cross swords with Lord Swinton and thought that the time had come to face the real issue before the conference. After some ten or fifteen minutes I managed, however, to persuade him to agree on the following procedure. On the resumption of the session, Canada would suggest that we try to get to grips with the problem of control of carrying capacity by discussing the revised Section 5 of Article V of our convention which, in Mr. Berle's words "adumbrated" the Canadian escalator clause. Mr. Berle said that this would be subject to a reservation on the part of the United States; that they were not committing themselves to any particular type of international machinery or, indeed, of any international machinery.

11. Lord Swinton, when I then called on him, was in a state of anger equal to Mr. Berle's. He accused the United States of having double-crossed the United Kingdom. He said that they had come to the meeting this afternoon on the assumption that they were going to discuss the principles of the permanent convention and Mr. Berle had suddenly presented them with a document which covered only the interim period and which would give the United States a completely free hand in that period. (Mr. Howe and Mr. Symington had previously told me that they felt very much the same about Mr. Berle's action.)

Lord Swinton, however, without much difficulty, was persuaded to concur in the agreement which I had reached with Mr. Berle.

12. When I returned to Mr. Berle's room where we had been meeting, I found that the United States delegation had returned and were discussing the problem with Mr. Howe and Mr. Symington, who had remained in the room. Mr. Berle said that the United States had never desired, and did not desire, the provision in our convention providing for an escalator which went down as well as up.

13. Mr. Berle made this reassuring announcement when the meeting was resumed and we proceeded to discussion of our draft. This discussion lasted from about 6.00 to 7.45, and was eminently satisfactory. So far as I could see, no insuperable differences emerged between the United States and the United Kingdom. A few drafting changes were suggested in our revision, but for the most part it was accepted in principle, and subject to all kinds of reservations, apart from paragraph 2 (of sub-section 1), Mr. Berle pointing out that the formula which we had advanced would mean that should an Argentine company be established to fly from Buenos Aires to New York, our formula would entitle that company to one-half of the carrying capacity on the route, and that this might well mean that the United States airline companies which had built up, at very great expense, traffic between New York and Buenos Aires would have to take services off the route as soon as the allocation under sub-section 1 of Section 5 went into effect. Mr. Berle, of course, realized that this possible diminution of United States services to Latin America would be only temporary in view of the provisions of sub-sections 2 and 3. He indicated pretty clearly, however, that what he was afraid of was the kind of unintelligent debate which might be precipitated in Congress and in the press of this country.

14. Mr. Berle felt that the formula would probably be fair if applied to the countries in Europe which had, in his words, been "ravaged" by the war, but that it would produce inequitable results elsewhere, and particularly in Latin America.

15. The meeting ended in an agreement on all sides that sub-section 1 of Section 5 needed some revision.

16. We are to meet again tomorrow morning at 10:00 a.m. Mr. Berle tells me that he wants to discuss rates, and that he will insist this time that the United States draft be taken as the basis of discussion. We shall, however, of course, have our own with us.

17. Mr. Berle said to me frankly when we were alone after the meeting this afternoon, that he intended later on in the discussions to press for as little international machinery as possible. He thought that many, if not most, of the rules of the game agreed on might be automatic in their application. I, of course, did not give any indication of our position on this. As I wrote you before, we had expected that the United States would take this line, and when they do I think we will not have any difficulty in meeting their arguments insofar as they have no substance. Certainly I am sure you would agree that

wherever the rules and principles can be made automatic, it would be very much the better. However, we certainly cannot set up a very complicated system for controlling air traffic and at the same time establish no quasi-judicial or administrative bodies to interpret the rules.

18. As a result of today's discussions, I think we have got through the first crisis of the conference, and my guess is that there will be about two more major crises.

Yours sincerely,

ESCOTT REID
by R. M. M.

P.S. Just as I was about to leave the conference room where I stayed for a short talk with the United States delegates, Mr. Burden discovered a voluminous file of papers on the conference table, and asked me if they were mine. I glanced through them and found that most of the memoranda were undated, so I immediately replied that they must belong to the United Kingdom delegation. The file was open in the middle. When I closed it I found on the outside — "Mr. Cribbett: Secret." I returned the papers to Mr. Cribbett.

**274.** DEA/72-MK-4-40

*Extrait de l'enregistrement d'une conversation téléphonique entre le secrétaire, le Comité de guerre du Cabinet, et un conseiller, la délégation à la Conférence internationale sur l'aviation civile*

*Excerpt from Record of Telephone Conversation between Secretary, Cabinet War Committee, and Adviser, Delegation to International Civil Aviation Conference*

SECRET November 16, 1944

The Great Power meetings will end today. A new draft convention[79] has been worked out. It is satisfactory, but there has been compromise on all sides. The Canadian convention is being played down, but the new convention still retains many of the features of the draft taken to Chicago.

The main changes are:

1. Regional Councils have been dropped entirely, concentrating everything in the hands of the Board. This means regional operators' conferences.

2. Change in Board of clause which gave the Board mandatory powers, to make them permissive ("may" instead of "shall").

3. Instead of having Board grant licences in accordance with agreed principles, working of the principles being made automatic — the principles being written in. The Board will make statistical allocations in accordance

[79]Voir/See:
*New York Times*, November 21, 1944.

therewith — then up to each government to comply. 4. Canadian delegation propose to dig in on clause re settlement of differences between member states. Prevision provision is for compulsory settlement — unless retained, they doubt the efficacy of the above provision.

5. Fifth freedom added — right to pick up and let down traffic at any point on route — U.S. insisted; U.K. have fought but will probably have to give in, with qualifying restrictions.

6. Next stage is to have agreed document, if any, put before other powers. France, China, and Brazil to be brought in first.

**275.** E.R.

*Un conseiller, la Conférence internationale sur l'aviation civile, au ministre des Munitions et des Approvisionnements*

*Adviser, International Civil Aviation Conference, to Minister of Munitions and Supply*

SECRET AND PERSONAL Chicago, November 21, 1944

Dear Mr. Howe,

The conference is at the worst point as regards an air transport convention that it has yet reached. There were no further three power meetings on Sunday after you left. The U.S. and U.K. technical people, however, have attempted to re-write Article XI (the capacity article) which is of course the most important article in the convention, but completely failed to reach agreement. Nevertheless, a further draft of the convention was circulated late Sunday night to the three powers which contained the U.S. version of Article XI and which also dropped any reservation on the fifth freedom.

On Monday morning we were asked by Mr. Berle to act as an intermediary between the U.S. and U.K. to make a last attempt to find a solution. We tried various variations of the proposed formula for initial allocation and for increase of frequencies and even suggested reliance on operators conference but without success. Lord Swinton had apparently received further word from London and could not modify his position in the least while, as time passed, there were signs that Mr. Berle was inclined to ask for more and more, including the dropping of the "birthright" article which was intended to protect the liberated areas. Mr. Symington and Sir Arthur Street managed to find a satisfactory formula which, however, Lord Swinton did not feel he could accept (which of course might have been completely unacceptable to the U.S. as well). A further three power meeting called for noon was postponed because Lord Swinton did not feel he was in a position to discuss the matter.

We finally met again at 3:30 yesterday afternoon. No attempt was made to discuss any draft article, the time was spent really stating clearly the opposing points of view so that the main outstanding differences would be fully understood on each side. Mr. Berle started by pointing out that, as he understood it, the only difficulties were the formula for initial allocation and the formula for the escalator clause.

The U.S. felt that the attempt to confine the formula to traffic embarked in the state of origin, not taking into account traffic picked up under the fifth freedom, would be unfair and lead to uneconomic operation, pointing out that the U.S. operators said that unless traffic picked up under the fifth freedom were considered in both the initial allocation and the escalator clause they would not be able to provide enough service. Lord Swinton then pointed out that the U.K. acceptance of the draft convention had been passed upon the Canadian draft which only had four freedoms and that his Government felt that if the fifth freedom was added, traffic picked up under the fifth could not be considered in the formula for initial allocation or for increase. He stressed again the necessity of protecting smaller countries which would suffer if the U.S. point of view were accepted. He gave the distinct impression that he felt there was very little use of discussing the matter further and that an agreement to disagree was all that could be hoped for. In short, he seemed to have given up all hope.

Mr. Berle, evidently annoyed by the reference to protection of small powers, spoke rather strongly about the lack of future for the European refugee governments. He, too, seemed to have little hope of reaching agreement and suggested that the alternative seemed to be a return to bilateral agreements covering everything. He did, however, display a readiness to keep the matter open for another day or so. He reported that he, too, had been in touch with Washington and had grave doubts regarding the possibility of mustering enough support there for the position taken by the U.S. in meeting the U.K. and Canada. He did, however, suggest one possibility which it was eventually agreed to consider overnight and discuss again this morning. This was that all through tickets should be considered as traffic embarked in the country of origin to the farthest point of destination on the through ticket regardless of stopovers. For example, a U.S. traveller to Cairo might buy a through ticket and might stop over in London or Paris for considerable periods; he would be considered as a U.S. passenger embarked for Cairo and would thus count as a U.S. passenger over the whole route both as regards initial allocation and the escalator clause. The U.K. of course had hitherto taken the position that such a passenger would only be considered as a U.S. embarked passenger up to the first major stopover and that after the stopover he would be considered as a passenger embarked in whatever country he had made the stopover. There is a slight hope that if the U.K. will accept this suggestion, which, incidentally, Mr. Symington supported as being sensible, Mr. Berle might withdraw his demand that all traffic embarked under the fifth freedom be considered in both the initial allocation and the escalator clause. I am not, however, unduly optimistic about this. Mr. Berle also pointed out that it would be impossible to keep the conference waiting any longer and accordingly the three power draft convention was last night made available to the full conference which is to discuss it tomorrow. The controversial points, i.e. the capacity article, the birthright article, and the section granting the fifth freedom, have, however, been omitted. The article on denunciation has also been omitted since there

was an apparent disposition to thrash the life of any document unduly and Mr. Symington took strong exception to this.

If we should fail to reach agreement, as appears likely, Mr. Berle will undoubtedly propose that such material as has been agreed, be referred to an interim drafting committee on multilateral convention as was originally proposed by the U.S. This drafting committee would report to an interim council. In these conditions, we will have to consider what sort of interim council or document we would be prepared to accept. It is quite clear that the U.S. understood we would not be prepared to make any concessions to an interim organization without some agreement on the permanent, and is not likely therefore to press very hard for any freedoms in the interim period.

Since starting the dictation of this letter, further word has been received from Mr. Berle that it is apparent no agreement can be reached and that all hope of a permanent document with any teeth in it has been given up. In the circumstances, we will have to reconsider our position and will undoubtedly be getting in touch with you again regarding what little may be achieved here including our position on any provisional arrangements. Mr. Symington will be making some sort of a speech at the session tomorrow and at present our feeling is in the direction of a fairly strong statement which will protect our own position, make clear that we are in no way at fault for the breakdown and express our great disappointment.

Hindsight is never a particularly useful tool for immediate action, but it may be useful to have on the record some of the factors which have been important in leading to the breakdown. In the first instance, I think it was a great error to call a complete conference of the United Nations before the major powers had met and attempted to reach some common ground. As a result, the conference here has been inactive for ten days, while Canada, the U.S. and the U.K. have attempted to resolve their difficulties. This has not been entirely pleasing to the small nations, while France, the Netherlands, and one or two others which have some claim to be considered major air powers, have been displeased by being virtually left out. Moreover, because of the necessity of keeping the conference going, there has been inadequate time for the great powers to consider and thrash out their difficulties. A meeting of the major air powers would have had far more chance of success than the present meeting of all the United Nations.

We were from the beginning under a handicap as a result of the U.S. inability to recognize the great change in outlook of the U.K., European powers, and a large number of countries in other areas of the world; a change in outlook which involved a desire for some effective regulation of international affairs. This of course is an ill omen for future discussions on any subject of international importance.

Apart from this severe initial handicap, there has been a serious handicap imposed by the misfortune that the heads of the U.S. and U.K. delegations were far from sympathetic in temperament and a clash of personalities was added to the initial difficulties.

Personally, I think that the U.K. was far too much bound by instructions from London and the necessity for reference back on every point that arose. In consequence, discussions have been delayed all too frequently while apparently the instructions from London have made it difficult for the U.K. on some points to show as great a spirit of compromise as was required. The U.K. also seems to have given up the attempt to reach agreement sooner than either the U.S. or Canada. On the other hand, some justification for this position may be found in the U.S. tactics of raising a new demand every time Canada or the U.K. gave in on a previous demand. Finally, there were delays which I feel to some extent were unnecessary, as a result of turning over drafting of difficult points to people who were primarily technical experts and who produced language and formulae so involved that the issues at stake became upon occasion completely confused.

Under the circumstances, we will probably be back in Ottawa sooner than I had expected. Personally, I shall not be sorry to escape from this atmosphere. I am not unduly concerned over our ability to make satisfactory bilateral agreements in the future. I am greatly concerned by the indications that have been given here of the difficulties that may be expected in all future negotiations on almost every subject. Perhaps I am unduly pessimistic. I think Canada will have to be prepared to make its own arrangements and bargains in almost every field and to be as strong and independent in every field as we can.

I can only add that every delegation I have talked to realizes that we have led the way in trying to reach a satisfactory solution of divergent views, that we have played an entirely praiseworthy part throughout the negotiations and that no blame can be attached to us for any breakdown.

Sincerely yours,

J. R. BALDWIN

**276.** DEA/3-Cs

*Un conseiller, la Conférence internationale sur l'aviation civile, au secrétaire du Cabinet*

*Adviser, International Civil Aviation Conference, to Secretary to the Cabinet*

Chicago, November 23, 1944

Dear Mr. Heeney:

The conference has gone through some surprising changes since I wrote you two days ago.[80] At that time negotiations had completely broken down between the United Kingdom and the United States by mutual agreement. We, however, continued to work on a compromise formula for the traffic regulation article, and in the afternoon Mr. Symington addressed a formal letter to both Mr. Berle and Lord Swinton,[1] stating his strong view that a further attempt

[80]Non trouvé mais probablement semblable au document précédent.
Not located but probably similar to preceding document.

towards settlement should be made, that failure at this stage would be merely destructive, and enclosing the suggested Canadian compromise article.

Such a formal communication in diplomatic procedure, of course, meant that Canada was virtually placing the blame on the U.K. and the U.S. for the breakdown. The letters apparently caused considerable flutterings in the dovecotes, but no great change of heart. The British came up and discussed it, but remained impervious to appeals.

Mr. Symington, Mr. Reid and myself had dinner with the chief American advisers representing the operators, namely, Mr. Damon, Mr. Russell of National Aviation, Colonel Harris, formerly of Pan Agra, and Colonel Gates of the C.A.A.[81] Mr. Symington left immediately after dinner to go to a Commonwealth meeting, but Reid and I stayed on for the balance of the evening and made a great deal of progress.

The operators themselves made some useful suggestions and showed a complete readiness to continue to seek a settlement, and believed that a satisfactory compromise could be found along the lines we proposed.

Meanwhile, Mr. Symington had a very difficult time at the Commonwealth meeting, where the U.K. was attempting to line up all the delegations for Wednesday's plenary session to support the U.K. position that the conference had been a success, even though it had not reached final agreement upon a permanent convention. Mr. Symington alone refused to take this position and came back from the Commonwealth meeting quite discouraged, feeling that the other Dominions were going to speak in support of the U.K.

Yesterday, (Wednesday) morning he had breakfast with Mr. Damon, and during the morning we had further consultations with both the U.S. and the British, pursuing this time a new line that had been opened up by Mr. Damon, who expressed a readiness to drop the fifth freedom, although he later told us he did not have a great deal of success putting this view over to his delegation.

Mr. Symington later in the morning had an equally difficult time in the Steering Committee where an attempt again was made to line all the countries up to support the position taken by Mr. Berle that we must now merely conclude an interim agreement and put the best face on matters possible.

By this time Mr. Symington was virtually in a state of nervous exhaustion, and I was very much afraid that he would collapse in the afternoon plenary session. His obvious exhaustion actually stood him in good stead, for it was apparent to the whole meeting, and it led him to make a speech which, because of its brevity, had great effect.

Mr. Berle led off by praising the achievements of the conference to date, and suggesting that we had not completed the work because it was too ambitious a dream. Lord Swinton took a somewhat similar point of view. Both received perfunctory applause. Mr. Symington then, in a speech of not more than 250 words, expressed his great disappointment, and the disappointment that must be felt by the world, by the failure to reach agreement on the really

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[81] Civil Aeronautics Administration.

substantial points before the conference, and said frankly that Canada would continue as long as the conference lasted to seek to bring the U.K. and the U.S. together. He received a tremendous ovation, which took both the U.K. and the U.S. heads unawares.

Then an amazing procession of speeches began. China, as had been previously arranged, supported Mr. Berle's suggestion for only an interim agreement. The Latin Americans, who had obviously been expected to do the same, played into our hands by asking for a 24-hour delay for study. The delegate from Greece confused the issue completely, but helped us nevertheless by a muddled series of questions by which at least he made it apparent that Greece expected a full and complete document to be presented before we were through. The Netherlands expressed its agreement with the partial document already presented, but its disappointment that the important parts had not been completed and included. Australia, in an overly long but nevertheless clear speech, came in behind Mr. Symington. Mr. Sullivan of New Zealand made a short, but extremely telling speech, in which he gave whole-hearted support to Mr. Symington. India and South Africa, which we had expected to support the U.K., said nothing whatsoever.

Then Mayor LaGuardia arose and made a brilliant and effective "Latin" speech in which he too threw the gauntlet vigorously at the U.K. and the U.S. for their failure to compose their differences at a time when the world was waiting for leadership, and he too received a tremendous ovation.

With that the meeting broke up. Had it not been for Mayor LaGuardia the tenor of the discussion would have been a complete snub for both the U.K. and the U.S. As it was, the fact that a U.S. representative had spoken to this effect would improve their position, though his speech was taken by many as directed towards Mr. Berle as well as towards Lord Swinton.

For the moment, we are sitting quiet, feeling that Canada has, for the present, shot its bolt. Mr. Symington went to bed immediately after the meeting. We locked his doors, put "Do Not Disturb" signs out, and cancelled all his telephone calls. He is inclined himself to stay here for another forty-eight hours, feeling that if the deadlock cannot be broken by then, the situation is hopeless, but there is no doubt whatever that he should go away as soon as possible for a rest.

Meanwhile, both the U.S. and U.K. delegations have been meeting in closed session to review their positions again, and we are far more hopeful than we were twenty-four hours ago. We know that we can carry the American operators with us in what we think is satisfactory settlement, as well as practically all other members of the American delegation.

Mr. Berle himself remains difficult, and apparently is very much afraid of the reactions of his senatorial advisers.

As for the U.K., — they are in a terribly difficult situation and unless they show greater willingness to meet the U.S. half-way, I would guess that they would go out of the conference bearing, as far as the delegations here are concerned, most of the blame. We ourselves feel that it is the U.K. that has to

take the first step now, since we have reason to believe that the U.S. is willing, at the first signs of a move from the U.K., to make a move to meet them.

Two things at least were accomplished by yesterday afternoon's plenary session. Canada was publicly recognized as the mediator which had been leading the way in trying to find a solution. Also, it will not be possible now to come out with less than a complete permanent document if failure is to be avoided, for no matter what may be achieved on a smaller scale, both the delegations and the press will interpret anything less than a complete solution as failure after yesterday's demonstration.

I am sending a similar letter to Mr. Howe.[1] I am also attaching an extra copy of this letter for Mr. Robertson.

Sincerely yours,

J. R. BALDWIN

**277.** DEA/3-Cs

*Un conseiller, la Conférence intérnationale sur l'aviation civile, au Secrétaire du Cabinet*

*Adviser, International Civil Aviation Conference, to Secretary of the Cabinet*

SECRET Chicago, November 25, 1944

Dear Mr. Heeney:

The slight degree of optimism which I felt when I wrote two days ago seems to have been unfounded. Certain new developments since that time have definitely lessened the chances for an effective settlement here.

2. I will deal first with the situation as regards the United Kingdom-United States differences over regulation of capacity. On Thursday morning we took no initiative ourselves, feeling that this would be the wisest course after Mr. Symington's speech the previous day. Late in the morning, however, Mr. Berle sent for Mr. Symington and indicated that the United States would be quite happy if Mr. Symington could find a solution which would be considered acceptable by the American operators and by the United Kingdom delegation. We had prepared, as you know, a compromise based on the dropping of the fifth freedom and proceeded along these lines. Late in the afternoon Mr. Symington had an extended talk with Lord Swinton at a cocktail party, the results of which, however, were not hopeful. Nevertheless, that evening Mr. Symington, after further conversations with the United States operators, addressed a personal and informal letter to Lord Swinton (in longhand) enclosing a draft[1] of the section covering the two most controversial points, initial allocation and the escalator clause, and requesting Lord Swinton to have the United Kingdom operators study it and discuss it with the United States operators.

3. Meanwhile, the United Kingdom was determined to place its position before the conference and had prepared its version of the proposed traffic

regulation article, together with a lengthy covering memorandum which it insisted should be circulated officially to the conference. In spite of advice that this might not be wise tactics they persisted, and it was natural in these circumstances for the United States to feel that it too had to circulate its suggestions for the same article. We circulated nothing.

4. These two documents were sent around yesterday morning but have not yet been considered officially by the conference. We had hoped that upon study the delegates here would realize how small was the margin of difference between the two. Even though this may be the case, however, the picture is not good, for discussions between the United Kingdom and United States operators have failed to reconcile them on the most important point, the escalator clause.

5. I attended a Commonwealth meeting late last night at which time Lord Swinton went over the United States suggestions. The main differences between the two plans are that the United Kingdom proposes that on the initial allocation capacity be scaled down after each stop so that after each stop the capacity is limited to fifty per cent of traffic embarked from the country of origin. The United States, however, on the grounds that this meant too frequent a scaling down and in consequence inefficiency of operation, had proposed that capacity be scaled down not at each stop but at given division points, i.e. major distribution centers, which might have several stops between them. This would enable them to maintain a higher average capacity throughout the whole division including several stops. They also insisted, of course, upon the through ticket principle, i.e. that the passenger must be considered as embarked for his farthest point of destination on a through ticket regardless of stop-ovérs. I think the United Kingdom while opposed to these suggestions would, however, be willing to meet them.

6. The main difficulty came in the difference over the escalator clause. There the United States insisted that traffic picked up under the fifth freedom should be considered a part of the payload in judging the sixty-five per cent necessary to get an increase in capacity. (Both the United Kingdom and the United States in their proposals incidentally had come out for the fifth freedom.) The United Kingdom flatly refused to accept this position and will only take an escalator clause based upon traffic picked up under the third freedom, i.e. embarked in country of origin. This would, of course, limit the value of the escalator clause.

7. Incidentally, we received in confidence and informally an interesting explanation of the United Kingdom position on this. It appears that when the escalator clause was first proposed the United Kingdom referred it to London where a special cabinet committee decided that the escalator principle could not be accepted and instructions were accordingly sent back on this basis. However, by mischance the word *not* was omitted in these United Kingdom instructions and the United Kingdom started out on the basis that an escalator clause was acceptable whereas in reality it had been turned down in London. When this difficulty was cleared up, Lord Swinton to his credit, stood by the escalator clause as far as he had gone up to that point, i.e. based on the third

freedom, but, of course, insists now that he cannot go a step farther. Unless he does, I think there is little hope of agreement.

8. At the Commonwealth meeting last night the question of granting freedoms one and two also came up since it was apparent that even though no satisfactory authority is achieved here the United States will press for a multilateral grant of freedoms one and two. I took the position which had earlier been taken by Mr. Symington that we could not grant any freedoms without an effective permanent convention. India took the same line. The United Kingdom was at first prepared to grant freedom one without freedom two, a suggestion which appeared inconsistent to us since the two are inseparable, but without arguing the point Lord Swinton stated that he would be prepared to disregard the leeway given to him by his cabinet in this respect and refuse to grant any freedoms, i.e. the Canadian position.

9. Australia, New Zealand and South Africa felt less strongly on this point since they are all transit countries, but said they could see no point in granting freedoms one and two without an effective permanent authority and that they intended to take the position if the question arose.

10. We also learned last night that the Latin American bloc, spearheaded by one Dr. Machado of Cuba, is "agin the world" to the extent that it intends not only to prevent the establishment of any effective permanent authority here but also intends to oppose the granting of any freedoms whatsoever.

11. Meanwhile committees of the conference had been meeting to discuss the emasculated draft permanent convention which had been sent down to them at the beginning of the week. These meetings have got almost completely out of hand. On Thursday afternoon a meeting on an Interim Council took place which rivaled any burlesque show in Chicago. The Chairman, handicapped by lack of knowledge of English and inadequate experience in parliamentary procedure, got completely lost. As many as six motions were before the meeting at one time and no discretion was used in judging what motions should be voted on and what should be "hoisted" for the time being. The general temper of the Latin American nations and of certain of the smaller European countries was bad. A number of useless amendments were proposed and accepted despite divided votes, and there was a disposition to force as much through on the Interim Council as possible without waiting for any discussion on the permanent convention. I was the only Canadian representative present and after one or two attempts to do something early in the meeting I gave up completely in view of the confusion, feeling that the results could only be saved by concentrating our attention upon a later meeting when the permanent document would be considered. Vigorous attacks were made by Greece and Poland and supported by most of the Latin American nations on the great power principle and an attempt was made to give the main authority to the Assembly and to allow equal voting there to govern all important matters including free choice of a Council. There was obvious resentment based upon the fact that these smaller countries felt that the so called great powers and the Steering Committee of the conference were attempting to dictate procedure to them. This applied particularly to the proposal Mr. Berle had made earlier that

the membership of the first Interim Council should be settled here on recommendation of the Steering Committee.

12. Yesterday two committee meetings were held to discuss the permanent convention articles submitted by the three great powers and to a lesser extent the events of the previous day were repeated. We kept very quiet, feeling that we should not inject ourselves into the situation again. Mr. Berle made only a half hearted attempt, I am afraid, to stem the tide and again the chairmanship did not work out very well with the result that motions were put forward and voted on when they should have been reserved for further discussion. The main change yesterday was enlargement of the proposed Board or Council to twenty-one members. Debate on the criteria for choice of the Board will continue today and there will be a strong attempt made I think to restrict the use of criteria and probably even to eliminate the functional principle entirely. Ireland, which is voting with the small powers, will bring forward a suggestion which it had put forward in the Interim Council meeting on Thursday and which was approved at that time; namely, that on all main committees and working groups of any organization set up each nation should have the right to be represented. This means that each main committee and working group may be composed of fifty or more members and you can easily foresee the result of such a situation.

13. I will not attempt at this time to analyze these developments. They may be a foretaste of what will come when a United Nations meeting on a world security organization is held. However, in all honesty, I must say that I feel that the situation need not have got out of hand if Mr. Berle and the United States delegation had displayed a greater generalship. The most charitable explanation is that inexperience and weariness has led Mr. Berle to this situation. The most uncharitable explanation is that the conference has been allowed to get out of hand deliberately with the knowledge that any attempt to set up a useful organization will be frustrated by this course.

Yours sincerely,

J. R. BALDWIN

**278.** DEA/3-Cs

*Un conseiller, la Conférence internationale sur l'aviation civile, au ministre des Munitions et des Approvisionnements*

*Adviser, International Civil Aviation Conference, to Minister of Munitions and Supply*

SECRET AND PERSONAL Chicago, November 28, 1944

Dear Mr. Howe,

This conference seems to have more ups and downs than a roller-coaster. The ups, interestingly enough, have all been caused by plenary sessions which have forced the U.K. and U.S. to reconsider their decisions.

When last I wrote to you the situation was far from bright: the U.K. and U.S., as you will recall, had both presented their proposals for the article on traffic regulations and there seemed little possibility that they could agree on the fundamental principle as to whether traffic picked up under the fifth freedom should be considered in the escalator clause.

Saturday they spent in consultation among themselves. On Sunday we tried another joint formula which was given to them separately and later discussed with them together. It did not carry the support of either the U.K. or U.S. although it had certain features which appealed to each. Briefly the Canadian proposal was:

1. Any route would be divided into divisions, the division points being the main distribution centres. If a division contained intermediate traffic stops, that division would be broken down into sectors in accordance with these stops.

2. The initial allocation would be based primarily, as in previous proposals, upon the right to carry 50% of traffic embarked from the state of origin for all the states en route, aggregated by divisions.

3. On the first division of a route, outward bound, services would be scaled down at sector points, if any, and at the end of the division as well. On all subsequent divisions scaling down would only take place at divisional points.

4. On all divisions after the first, each service would be entitled to put on extra capacity as part of its initial allocation, to carry potential fifth freedom traffic. The amount of this extra capacity would be 50% of the amount in a division to which a line was entitled under the embarkation rule (2) above.

5. As a compromise on U.K. and U.S. differences over through tickets, we proposed that passengers purchasing through tickets should be considered embarked to the furthest point of destination unless they were travelling on an airline not possessing the nationality of the state in which they embarked. (In such case, they would be considered as passengers embarked to the first stop-over).

6. Our escalator clause remained practically unchanged although we offered it on a division basis rather than a route or sector basis and also added that if a load factor rose above 65% on a sector of a division, the escalation granted would apply to the whole division.

7. Any state would have the right to contract out of the fifth freedom.

Yesterday was devoted to discussion in full committee of this problem. We, for obvious reasons, felt that we had to put the Canadian compromise proposal before the whole conference and accordingly it was circulated in the morning. The nations here obviously wanted to know our stand while the action had the added advantage that we would not have to support either the U.K. or U.S. proposals.

Due to the delay in putting our proposal forward, most of the debate centered around the U.K. and U.S. proposals. Mr. Berle had obviously whipped the Latin American nations into line and not only were they prepared to accept regulation but spoke very strongly in favour of the U.S. proposals. The U.K. had rather expected this but really received a body blow when the smaller

European nations began to support the U.S. The Netherlands, Sweden and Denmark all came out for the U.S. position. Belgium and Greece hedged but certainly did not support the U.K. and clearly indicated that the conference must find some solution. France supported some features of the U.S. position and some of the British position. China suggested delaying discussion to study the Canadian plan which at first reading appealed to them. Of the Dominions, apart from Canada, only Australia and New Zealand spoke. Australia was confused by the whole situation while New Zealand refrained from committing itself but, in carefully veiled language, indicated indirectly that the U.K. under the circumstances might well reconsider its plan.

With the inability of the U.K. to get support for its line and the continuing insistence that some solution be found, there seems to be a general feeling abroad that the U.K. must modify its position. We have heard through secret channels that, as a result of pressure from Washington on London, new instructions are to be issued from London. I do not think that the U.S. would be disposed, as a result of its triumph yesterday in committee, to make the British position difficult and there is every likelihood that the Canadian compromise will offer a satisfactory meeting ground which will allow everyone's face to be saved.

While all this was going on, committees and drafting committees dealing with (1) an Interim Council, (2) standard clauses for bilateral agreements during the provisional period and (3) other features of the permanent convention were meeting. Without going into detail, it is sufficient to say that no substantial modifications took place and that considerable progress has been effected.

Sincerely yours,

J. R. BALDWIN

**279.** DEA/72-MK-4-40

*Le ministre des Munitions et des Approvisionnements au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Munitions and Supply to Under-Secretary of State for External Affairs*

Ottawa, November 28, 1944

Dear Mr. Robertson,

*Re — International Air Conference*

Under date of November 23rd, I received letter with enclosure' from Lord Swinton, copy of which is enclosed herewith. I also enclose copy of my reply dated November 27th. I trust that my reply carries your judgment.

I think it would be bad tactics at this time to suggest to Lord Swinton that Canada would be willing to make a multilateral agreement between Empire countries, in the event that a wider multilateral agreement is impossible. I

regret to say that the latter seems to be the probable outcome of the Conference.

Provided an international authority is not possible, I would recommend to the Government that no freedoms be allowed, either within or without the Empire, and that Canada pursue a course of bilateral agreements.

I suggest that our friends in the U.S. could very well take objection to Canada granting freedoms within the Empire that Canada would not grant to the U.S.

Yours truly,

C. D. HOWE

[PIÈCE JOINTE 1/ENCLOSURE 1]

DEA/72-MK-4-40

*Le ministre de l'Aviaton civile de Grande-Bretagne*
*au ministre des Munitions et des Approvisionnements*

*Minister of Civil Aviation of Great Britain*
*to Minister of Munitions and Supply*

Chicago, November 23, 1944

My dear Howe,

I understand that Mr. Sullivan[82] has sent you a copy of his letter to me of the 22nd November[1] about the possibility of a meeting between Ministers of British Commonwealth Governments to carry further, certain of the recommendations of the Commonwealth air conversations held at Montreal last month.

I enclose a copy of my reply,[2] in which I have expressed my willingness to help by convening such a meeting while we are still in Chicago, if that would be agreeable to you and the other Ministers concerned, or to take part in a meeting in Canada or in London if that should be preferred.

Yours truly,

"SWINTON"

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[82]D. G. Sullivan, ministre des Industries et du Commerce, des Recherches scientifiques et industrielles de Nouvelle-Zélande; chef de la délégation nouvelle-zélandaise à la Conférence internationale de l'aviation civile.
D. G. Sullivan, Minister of Industries and Commerce, Scientific and Industrial Research of New Zealand; head of New Zealand delegation to International Civil Aviation Conference.

[PIÈCE JOINTE 2/ENCLOSURE 2]

DEA/72-MK-4-40

*Le ministre des Munitions et des Approvisionnements au ministre de l'Aviation civile de Grande-Bretagne*

*Minister of Munitions and Supply to Minister of Civil Aviation of Great Britain*

Ottawa, November 27, 1944

My dear Lord Swinton,

Thanks for your letter of 23rd November, enclosing copy of your reply to the letter written to you by Mr. Sullivan,[1] suggesting a further meeting between Ministers of British Commonwealth Governments to carry further certain recommendations of the conversations at Montreal.

I regret that difficulties in our Canadian Parliament have made it impossible for me to return to Chicago as I had intended. There is little possibility that I will be able to return before the end of this week, which will perhaps be too late for me to be of any use.

I am informed that there is little hope of a multilateral agreement as a result of the Chicago conference. If that information is correct, it would seem that aviation must be governed by bilateral agreements, in which event, I see little purpose of a Commonwealth meeting at this time. It seems to me that the individual units of the Commonwealth can bargain with each other, without the necessity of a general conference.

However, should the majority of the Commonwealth countries wish to hold a conference, I will be glad to take part, subject to the views of my Government after I have been able to consult my colleagues.

I am still hopeful that a multilateral convention will result from the Chicago conference.

Sincerely yours,

C. D. HOWE

**280.** DEA/3-Cs

*Un conseiller, la Conférence internationale sur l'aviation civile, au ministre des Munitions et des Approvisionnements*

*Adviser, International Civil Aviation Conference, to Minister of Munitions and Supply*

SECRET AND PERSONAL Chicago, November 30, 1944

Dear Mr. Howe:—

We have been in travail for a month and have brought forth a mouse. The mouse is so insignificant that the conference is rapidly proceeding to a

conclusion and will probably have come to an end by the time this reaches Ottawa.

An agreement establishing an Interim Organization has been approved and is ready to go before a plenary session. The same is true of an agreement establishing standard clauses to be used in bilateral negotiations henceforth. Both documents are unexceptionable; certainly they can do no harm and possibly they may do some good even though they do not contain any teeth.

Meanwhile, the optimistic tone of my last letter has proven unjustified. The U.K. and U.S. have failed to reach an agreement and the general opinion is that there is no further use in seeking a reconciliation at the moment. The U.S. were ready to accept the Canadian compromise in almost every respect, I believe. The U.K. were willing to accept it in every respect except one; that one point is the fundamental difference between the U.K. and U.S. approach that I have mentioned in earlier letters, namely, U.S. insistence that the fifth freedom must count in any escalator clause and the U.K. refusal to accept this position.

During the past few days, to be quite frank, we felt that the U.K. was the chief obstacle to a satisfactory settlement and that the U.S. were willing to accept a formula which would be satisfactory to Canada and most other nations. With, however, the apparent decision that no settlement can be effected here, the U.S. began to pursue a policy much less praiseworthy. First of all, Mr. Berle proposed that Article XI (the controversial article on capacity regulation) and Article XII providing a special and privileged position for devastated countries (this article was closely tied in with Article XI) both be dropped from the permanent document completely. This was not surprising but the U.S. went further and insisted that Article X on establishment of rates also be dropped completely from the permanent document even though this article had been accepted earlier by the U.K., U.S. and Canada. This step we considered unnecessary and unwise but we made no headway in persuading the U.S. to let it remain. The situation has been resolved although not in a satisfactory manner, by a motion in subcommittee that these three articles be referred to the Interim Organization for further study and report.

The U.S. went even further and, without any consultation with the U.K. and Canada, submitted a proposal that the five freedoms with a right of reservation on the fifth freedom be incorporated in a separate document to be attached as a protocol to both the permanent convention and the Interim Agreement and opened for signature to any nations wishing to adhere.

Quite apart from the tactics used, there were two serious difficulties in this proposal. The use of a protocol would tend to link the document with the permanent multilateral agreement; moreover, it forced the issue as regards the granting of the freedoms.

This proposal was discussed in subcommittee and this time it was the U.S. which suffered at least a partial snub. The Latin American nations did not line up in support of the U.S. although we understand that most of them might sign such an optional document. Mexico seconded the U.S. proposal without

comment, and Brazil, while giving it a good measure of support, issued certain reservations. No other Latin American country spoke.

Most of the members of the British Commonwealth and several European countries spoke strongly against a protocol attached to a multilateral agreement, and a New Zealand amendment suggesting that any such document be made as a completely separate agreement was put forward. While this amendment was not voted on, it obviously had a great deal of support and, in consequence, the U.S. agreed to redraft its proposal as far as procedure was concerned. Implicit in the procedural criticism put forward by New Zealand, Australia, South Africa, Canada, U.K., France, Belgium, India, Poland and Greece was the suggestion that none of these countries really liked the idea of granting the freedoms without any equivalent regulation by an effective international authority. Mr. Symington pointed out that, since the U.S. proposed that the optional agreement be interpreted and supervised by the Interim Council (and subsequently by the permanent organization), it would mean that states signatory to the optional agreement would be allowing supervision and interpretation to be placed in the hands of a larger organization which would include nations which had not signed the optional agreement. India went even further and indicated the undesirability of an agreement which would probably compel a split on an issue which was tied in with other issues being referred to the Interim Council for study, i.e., rates and regulation of capacity.

There the matter stands for the moment. We cannot very well prevent the acceptance of the idea of an optional agreement to give away the freedoms but at least it is evident that there will be a number of nations who will not sign this agreement at present.

Chicago, Dec. 1, 1944.

There are a few further developments since I started this letter. Mr. Berle who is almost feminine in his trait of having "on" days and "off" days was in a very bad temper by the end of yesterday. He had already been very rude to the Belgian delegate in the morning when, angered by the protests of the European nations over the dropping of Article XII, he waved the U.S. mailed fist and spoke of U.S. generosity in the past and in the future and of Lend-Lease planes which had saved Europe. The Belgian came off with honours in the encounter since he made a very courteous response paying tribute to the U.S. generosity. Immediately after the meeting, however, he let the story spread rapidly that Belgium had paid cash for all planes from the U.S.

During the afternoon, the Executive Committee met and accepted three official languages — English, French and Spanish. There was also a proposal that Canada be made the seat of the organization but France entered a plea for Paris and the matter has been left open. Confusion over the election of the first Council, too, resulted in the agreement that each country should submit a slate for consideration.

Also during the afternoon, we learned that Mayor LaGuardia was dissatisfied with the situation and intended to make a strong speech urging satisfactory settlement. We also learned from the U.S. operators that they would be willing to talk business on the basis of the U.K. revised draft of the Canadian compromise proposal which we circulated on Monday. All this came as a great surprise and there was a ray of hope which may still exist. However, when the evening session convened, it was obvious that Mr. Berle was in a very bad temper; our guess is that he disliked the attempt of his advisors and Mayor LaGuardia to go on and seek a settlement and that he particularly disliked their approaching Mr. Symington without their speaking to him, Mr. Berle. We also understand that, upon learning of this situation, he stated that there was no possible hope of seeking a reconciliation since one could never be effected by the head of the U.K. delegation. Lord Swinton, when informed of the news, expressed equal distrust of Mr. Berle's intentions.

One minor complication arose when one of the French delegates came up to see me five minutes before the evening meeting in order to inform me that they had instructions to press for inclusion of the two freedoms in the Permanent Convention. They had not realised that there would be any serious opposition to this and were very upset to learn at the last moment that Canada was firmly opposed, as were the other members of the British Commonwealth. I explained our position and the French delegate went to explain their position to the head of their delegation who, in the meantime, had apparently received a stern lecture from Lord Swinton. The result was that they agreed not to present their proposal until further consideration had been given to the matter.

Sincerely yours,

J. R. BALDWIN

**281.** DEA/3-Cs

*Un conseiller, la Conférence internationale sur l'aviation civile, au ministre des Munitions et des Approvisionnements*

*Adviser, International Civil Aviation Conference, to Minister of Munitions and Supply*

SECRET AND PERSONAL Chicago, December 3, 1944

Dear Mr. Howe:—

We have reached a sufficiently advanced stage of the conference to be able to label most of the articles we started with as "killed, wounded or missing." Unless something quite unforeseen happens, there remain only lesser points of drafting to be completed and the plenary sessions for approval of final documents. Drafting should be completed by tomorrow night. There will have to be some slight delay to allow for presentation of the final documents and then, presumably, the usual formalities occupying a couple of days.

The undercurrents during the last two days have been interesting. On Friday morning, when last I wrote, Mr. Symington was busy with another last minute effort trying to find some means of reconciliation. Neither Mr. Berle nor Lord

Swinton, however, was movable. Neither was willing to give the impression of making a move and neither would authorize Mr. Symington to follow up any proposal, leaving it entirely to him to do as he saw fit. Actually, we understand that the instructions of the U.K. Prime Minister are to bring the conference to an end rapidly and return to explain the situation.

In the afternoon, a disgraceful meeting was held in which the head of the U.S. delegation, acting as chairman, manhandled procedure in a manner to assist the U.S. As I stated in my last letter, on motion of Lord Swinton seconded by Mr. Berle, it had been decided in subcommittee to refer the controversial articles to the Interim Council including, of course, the section on the five freedoms. In the afternoon in full committee when this motion came up, Mayor LaGuardia offered an amendment to the effect that they be referred instead to the Executive Committee of the conference for another attempt at reconciliation. His speech seemed to throw much of the onus upon the U.K. (he kept referring to his amendment as an amendment to a U.K. motion). He also emphasized the desirability of having some freedoms regardless of what happened. Lord Swinton made a very good speech in reply pointing out that the original motion had been seconded by Mr. Berle and stating that it would not have been presented if he and Mr. Berle had not been in complete agreement that no further attempt at reconciliation could succeed at this stage. Unfortunately, a passing reference by Lord Swinton to the freedoms, added to Mayor LaGuardia's speech, played into Mr. Berle's hands. Mr. Berle rose and stated that he would welcome a motion to insert the first two freedoms into the Permanent Convention. The Netherlands presented such a motion seconded by Syria and Mr. Berle then suggested that this motion be discussed and dealt with immediately and that the original motion and the LaGuardia amendment be passed over for the time being.

Mr. Symington protested against this procedure without avail but at least managed to get the meeting adjourned on the grounds that notice of such an important motion should have been given.

In the evening, we found that Lord Swinton had been instructed by the U.K. War Cabinet to accept the first two freedoms. None of the other Commonwealth countries were very happy about this. It was, however, decided to attempt at the next meeting to have the two freedoms set up in a separate document open for signature rather than included in the Permanent Convention. On Saturday morning when discussion was resumed, the only countries that expressed doubts regarding the two freedoms and regarding the procedure that had been followed were Canada, Australia, India and Portugal, as I recall. The U.K. supported the Canadian suggestion that they might be made the subject of a separate document on the grounds that their insertion in the Permanent Convention might make it impossible for some nations to sign the Permanent Convention. A similar separate document is to be attached to the document setting up the Interim Organization. Mr. Symington made it clear that if the conference decided that two freedoms were desirable, regardless of the ability to insert articles on traffic control and rates, Canada would be prepared to sign the document establishing the two freedoms.

There the matter rested. A minor dispute arose over the desire of some of the Latin Americans to allow any country where non-traffic stops (freedom 2) were made, to compel the air service making such stops to offer commercial service there as well. This may go in the document but, if it does, it will be put in a form that will not hamper the operators.

The afternoon session yesterday dealt only with final drafting changes in the complete Permanent Convention. No meetings are being held today although the draftsmen are continuing with their work.

Sir Arthur Street, following your letter to Lord Swinton about a further Commonwealth meeting,[81] sounded me out yesterday regarding this question and regarding the possibility of settling at least certain specific questions while the Commonwealth representatives were in North America. I think he had in mind the procedure to be followed in the establishment of a Commonwealth council and possibly also the nature of any trans-Pacific operations and the time and manner in which U.K. and Canadian Trans-Atlantic services could be converted to a semi-commercial or commercial basis. I passed what he had told me on to Mr. Symington who is this morning attending a meeting of heads of Commonwealth delegations presumably to deal with these topics and particularly to discuss if there is any need for a gathering after this conference is over.

Under the circumstances, it looks as though I will be back in Ottawa during the latter part of this week and this will probably be the last report that I will send to you from Chicago. The only other point of interest that occurs to me is that Mr. Symington has been asked to convene a meeting of operators' representatives here who wish to discuss the establishment of an international operators' association.

Earlier in the week, Mr. Aronstein, a Netherlands' delegate who is connected with the Netherlands Economic, Financial and Shipping Mission in the U.S., talked to me at some length about Canadian industry and trade expressing a particular interest in our aircraft and shipping industries. He was obviously desirous of seeking some expanded trade connections between Canada and the Netherlands East Indies after the war. I do not think that he was speaking in terms of Mutual Aid. He made it fairly clear, however, that he thought there was much to be said for inviting a Netherlands trade mission to visit Canada or else taking some equivalent steps for discussion between Canadian and Netherlands' representatives within the next few months in the U.S. This is a possibility that you may wish to consider.

Sincerely yours,

J. R. BALDWIN

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[81] Pièce jointe 2, document 279./Enclosure 2, Document 279.

**282.** PCO

*Rapport du ministre des Munitions et des Approvisionnements*
*Report by Minister of Munitions and Supply*

TOP SECRET [Ottawa,] December 11, 1944

REPORT ON COMMONWEALTH AIR CONVERSATIONS IN MONTREAL OCTOBER 23-27, AND DECEMBER 9-10, AND ON INTERNATIONAL CIVIL AVIATION CONFERENCE, CHICAGO NOVEMBER 1-DECEMBER 7, 1944

I. INTERNATIONAL CONFERENCE —

The International Conference held in Chicago lasted for thirty-nine days, at the close of which five documents were presented for signature. The complete documentation of the Conference has been deposited with all interested departments in Ottawa, as well as reports by members of the Canadian delegation on the Conference.

The United and Associated nations, neutral nations and representatives of Denmark and Thailand in their personal capacities attended the conference. Canada played the role of one of the three great powers at the conference. The main difficulties arose in attempting to reconcile the U.K. and U.S. views regarding regulation of traffic and of rates and here Canada acted as "honest broker". After lengthy negotiations between the three powers, general agreement was reached upon control of rates and upon most of the points regarding regulation of traffic.

While at the end minor differences existed between the U.K. and U.S. in regard to the initial allocation of services in any scheme for control of traffic and in regard to such matters as the definition of through traffic, it proved impossible to effect a reconciliation with regard to the method by which operators would be rewarded for efficiency. All parties agreed upon the Canadian proposal that the operator who demonstrated his efficiency by achieving an agreed high average payload on a service should be allowed to increase capacity on that service. The U.K. however took the position that this principle should be applied only to traffic embarked in the country of origin of the service, while the U.S. asserted that it should apply also to traffic picked up at intermediate points on the route, asserting that only thus could any service develop and expand reasonably.

It proved impossible to reach agreement on this point and in consequence all clauses on regulation of rates and traffic, as well as a special article designed to meet the needs of nations handicapped in the development of air transport as a result of war conditions, were dropped from the permanent convention and referred for consideration at the interim organization agreed upon at Chicago.

Both Canada and France were proposed as the seat of the permanent organization while Canada also was urged to provide the seat for the interim organization. The Canadian representatives suggested that the permanent and interim organizations should be located in the same place but did not urge

Canada's claims to either. It was agreed by the conference that Canada should be the seat of the interim organization which should at its last meeting decide upon the seat of the permanent organization.

Both the interim organization and the permanent organization are to consist of an Assembly and a Council. The Council is to be composed of twenty-one member States chosen according to three categories:

(a) The chief operating countries,

(b) The chief providers of facilities,

(c) States chosen to provide representation for geographical areas not otherwise represented.

Canada was elected to membership on the Council as the most important state in Category (b). This result, together with the unduly large size of the Council can be attributed entirely to pressure from the Latin American states which insisted upon a large Council and which also indulged in electioneering practices as a solid bloc, which resulted in the Latin American slate for the Council being chosen, including Brazil, Mexico, and Belgium in the first category, along with the U.K., the U.S., France and the Netherlands.

The following are the documents prepared in Chicago:[84]

(1) *Final Act*

This document which is attached to the present report as Appendix 3[1] includes a series of resolutions covering such matters as disposition of technical annexes prepared during the conference, technical personnel, the metric system, transfer of title to aircraft, the position of the Home Convention of 1933, the development of private international air law, flight documents and publication of documentation. The most important of these resolutions sets forth certain standard clauses which signatories agree to incorporate in all bilateral agreements regarding international air services. The clauses are of a general nature, providing for mutual recognition of standards, imposition of reasonable charges, registration and similar matters. Countries accepting this resolution also undertake not to grant exclusive rights in bilateral agreements or make discriminatory arrangements.

(2) *Interim Agreement on International Civil Aviation*—(Appendix 4 hereto)[1]

The interim agreement establishes an interim organization which is to remain in existence until the permanent convention comes into force or another conference is called, but in no case to exceed three years. It establishes a provisional organization composed of an Assembly, an Interim Council of twenty-one members and under the Interim Council, a committee on Air Transport, a Committee on Air Navigation and a Committee on the International Convention.

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[84]Voir Canada, *Recueil des traités*, 1944, N° 36.
See Canada, *Treaty Series*, 1944, No. 36.

The powers of these bodies are generally similar to those given to the equivalent bodies in the permanent convention. Member states undertake to file all agreements with the interim organization but retain the right to designate routes and airports on a non-discriminatory basis, for use by international air services. In general the activities of the interim organization will be limited to carrying forward the technical work of the Chicago Conference and to study and review in the field of air transport.

The interim organization will come into being when twenty-six governments of signatory states have indicated acceptance.

(3) *Permanent Convention on International Civil Aviation* — (Appendix 5 hereto)†

The permanent convention on international civil aviation contains many of the provisions of the original Canadian draft convention submitted to the Conference. It is composed of a part dealing with air navigation, a part establishing the permanent organization, a part dealing with air transport and a part containing final general provisions.

The permanent organization follows the same lines as the interim organization but has more extended powers. It contains principles similar to those proposed in the original Canadian draft convention regarding coordination with any international security organization, regarding provision of airports and air navigation facilities and other matters. While in general its function is to be advisory and consultative, one chapter of this convention provides for compulsory settlement of disagreements between nations over aviation matters. The Council is to be the primary instrument in settlement of disputes and unless it decides otherwise, its decision will remain in effect unless reversed on appeal to the permanent Court of International Justice or to an Arbitral Tribunal. The permanent convention will come into force when ratified by twenty-six governments.

(4 & 5) *International Air Services Agreement and International Air Transport Agreement* (Appendices 6 and 7)†

Failure to reach agreement regarding control of traffic and rates made it impossible to insert in the permanent convention any of the so-called "freedoms" of the air, i.e. freedom of transit, non-technical stop, and the various freedoms of commercial outlet. Accordingly the U.S. proposed that five freedoms be incorporated in a protocol to the convention to be open for signature by any state wishing to grant these five freedoms, which are:

(1) The privilege to fly across its territory without landing;

(2) The privilege to land for non-traffic purposes;

(3) The privilege to put down passengers, mail and cargo taken on in the territory of the State whose nationality the aircraft possesses;

(4) The privilege to take on passengers, mail and cargo destined for the territory of the state whose nationality the aircraft possesses;

(5) The privilege to take on passengers, mail and cargo destined for the territory of any other contracting State and the privilege to put down passengers, mail and cargo coming from any such territory.

It was eventually agreed that this document should be entirely separate from the convention and in no way tied to it.

Similarly the U.S. opened the way during the closing sessions of the conference for a proposal that all nations grant the first two of these five freedoms, i.e. transit and non-technical stop. In the face of opposition to insertion of these two freedoms in the permanent convention it was also agreed that a document granting the two freedoms be opened for signature by any nation wishing to grant them.

Of the above documents Canada signed the Final Act, the Interim Agreement and the Permanent Convention.

Canada also felt that it would be impossible to refuse the first two freedoms and indicated a willingness to adhere to the document establishing these two freedoms but did not sign it at Chicago. It is desirable that before Canada signs, satisfactory bilateral arrangements be concluded with the U.K. and U.S. since in signing Canada will give up important bargaining counters. It does not appear wise for Canada to adhere to the five freedom agreement at present. All documents are to remain open for signature in Washington.

II. COMMONWEALTH CONVERSATIONS —

Prior to the International Civil Aviation Conference in Chicago, conversations at the official level were held in Montreal between representatives of Canada, the U.K., Australia, New Zealand, South Africa, India, Newfoundland and Southern Rhodesia, under the chairmanship of Mr. H. J. Symington of Canada. A complete report of these conversations has been filed with all the interested departments.[85]

(A) — *Committees*

Five Committees were established as follows:

(1) *Committee on a multi-lateral international aviation convention*

The work of this Committee had regard only to the negotiations that subsequently took place in Chicago.

(2) *Committee on Routes*

This Committee prepared a map of suggested routes covering various parts of the Commonwealth.

(3) *Technical Committee*

This Committee examined technical matters of air navigation as a preliminary to the Chicago Conference.

(4) *Committee on Operations*

This Committee discussed the actual methods of operation of various major trunk routes connecting countries of the Commonwealth. Canada took part

[85]Voir le document 270./See Document 270.

only in discussions dealing with services from Canada to Australia and New Zealand. The Committee also recommended the establishment of a permanent Commonwealth Air Transport Council. Discussions in regard to this Council and in regard to trans-Pacific services were not concluded at the first Montreal meetings.

(5) *Committee on operation of military routes*

This Committee recommended:

(a) that in the present abnormal situation existing military services should be retained on a military basis as long as possible to meet essential demands,

(b) that any appreciable expansion of international civil air transport services which did not directly serve the war effort, would be undesirable,

(c) that if it should be decided that it would be in the British Commonwealth interest that the expansion of international commercial air services should meanwhile continue to be restrained, it would be desirable to effect some relaxation of the practice governing the carrying out of priority civilian passengers and goods in military transport aircraft. There were strong objections from the Service point of view to the principle of civilian passengers and freight being carried for hire in military aircraft, but it was felt that this objection was one primarily the concern of governments to resolve and it might be met in part by the governments undertaking to bear the cost. In the event of changes being made, it would be desirable for the governments operating such services to come to some arrangement as to priorities and scale of payments.

The Committee also considered the operation of military trans-Pacific services from the U.K. to Australia by way of United States and by way of Central America.

On the first route it was agreed that the R.A.F., the R.C.A.F., the R.A.A.F., and the R.N.Z.A.F., should cooperate in providing aircrews, base and maintenance facilities and ground personnel at air fields in the respective territories of their governments and that liaison officers as they might be required should be appointed at bases along the route.

The Canadian representative expressed the view that Canada should in the light of Canada's declared policy at this conference operate that portion of route in which Canada was mainly interested, viz: the link from Dorval to San Diego — as an R.C.A.F. undertaking. It was agreed that it would be possible for this section to be operated by R.C.A.F. without detriment to the general principle of a unified route.

On the second route it was agreed that from the point of view of strategic and military considerations this route was of primary importance and that efforts should be made to complete its survey and to initiate operations as soon as possible. This route might be developed in the postwar period as a commercial route but it would be primarily a military defence communications link, in which respect it could be regarded as a useful instrument for any world security organization which might eventually be established.

Following the international conference in Chicago, Commonwealth representatives met again in Montreal with representation at Ministerial level

from Canada, the U.K., Australia and New Zealand. In these discussions further details with regard to the functions and procedure of a Commonwealth Air Transport Council were agreed for recommendation to the Commonwealth governments. These details are included in Appendix I[86] to this report.

(B) — *Pacific Service*

Further details were also considered with regard to the operation of trans-Pacific services and the conclusions reached are attached to this report as Appendix 2.[87] Briefly summarized they are, that if Australia and New Zealand can make satisfactory arrangements with the U.S. by which commercial outlet can be obtained in the U.S. for a trans-Pacific service between Canada and Australasia and by which Australia and New Zealand would be permitted to allocate to Canada certain of the traffic rights obtained by them from the U.S., then parallel non-competitive operations would be set up on the route by TCA on the one hand and by a joint Australia-New Zealand-U.K. company on the other hand. Failing this, Australia, New Zealand and the U.K. would seek to operate a joint service from Australia to San Francisco and Canada would operate from Vancouver to Honolulu, connecting there with the Australia-New Zealand-U.K. service.

(C) — *Bilateral Agreements*

During the second series of conversations in Montreal the U.K. representatives presented a series of standard clauses for incorporation in bilateral air agreements and suggested that all Commonwealth governments agree to incorporate these standard clauses in any aviation arrangements made with any country. The suggested standard clauses went much further than the standard clauses agreed upon during the Chicago conference and provided for traffic regulation along the lines advocated by the U.K. government in Chicago — lines which had not proved acceptable to the U.S.

The Canadian representatives took strong exception to this U.K. proposal on the grounds that it would result in the establishment of a Commonwealth bloc which would prejudice relations with other countries, and also on the grounds that the proposed clauses would not be applicable to the various agreements which Canada would be making.

Accordingly it was agreed that no action be taken in the U.K. proposals which remained merely an indication of the procedure which the U.K. government proposed to follow in its own bilateral negotiations.

C. D. HOWE

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[86]Non trouvé./Not located.
[87]Non trouvé./Not located.

**283.** DEA/3-Cs

*Mémorandum du secrétaire,*
*la délégation aux conversations du Commonwealth sur le transport aérien*

*Memorandum by Secretary,*
*Delegation to Commonwealth Air Conversations*

TOP SECRET December 13, 1944

MEMORANDUM ON COMMONWEALTH AIR CONVERSATIONS
MONTREAL, DECEMBER 9 AND 10, 1944

1. These conversations picked up certain loose ends left from the Commonwealth conversations in Montreal in October and cleaned up certain problems which required Ministerial consideration. The October conversations had been held on the official level, while Ministers from Canada, the United Kingdom, Australia and New Zealand participated in the December conversations.

2. Mr. Howe raised privately with the United Kingdom the question of introducing commercial service on the North Atlantic and expressed readiness to do this in the near future. The U.K. representatives indicated a desire to consult with the U.K. government in regard to timing, since any decision taken must also include the United States. My own feeling is that the real difficulty lies in the fact that the United Kingdom is not yet completely ready, hoping to have certain new equipment early next year for this purpose and wishes to delay action until that time.

3. Mr. Howe also raised with the U.K. the question of a Canadian service to the West Indies on the basis agreed between Mr. Howe and Lord Beaverbrook in 1943, that is, that the service should be left, so far as the Commonwealth is concerned, to Canada. The United Kingdom had already filed, in October, in Montreal, a request on the part of British West Indies Airways to operate this route. It was pointed out to the U.K. representatives that there was not room for more than one operator to run with any reasonable hope of economic operation, and that it would be difficult for Canada to go into this service without some reasonable assurance of a chance to build up traffic without competition from other Commonwealth lines. The U.K. representatives wished to take this up in London also and suggested that the best solution might be joint discussions between Canada, the U.K. Colonial Office and West Indies representatives. They expressed sympathy with the point of view put forward by Canada, and suggested that the solution might be an agreement by which, for a set period of years, the development of this route was left to Canada.

4. In open session, the Commonwealth representatives discussed a Commonwealth Council, the trans-Pacific route and standard clauses for bilateral agreements.

5. On the first of these points, agreement was easily reached upon the establishment of an advisory council, without powers, but with broad terms of reference. The only point at issue here arose over the inclusion of Ireland. Mr. Howe raised the question of the inclusion of Ireland and none of the

Commonwealth representatives other than the United Kingdom, expressed any strong opposition to this proposal. I feel that most of them would have accepted Ireland as a member immediately. The United Kingdom, however, obviously acting on instructions, stated that this was quite impossible at present, but indicated readiness to keep the matter open for the inclusion of Ireland after the conclusion of hostilities.

6. On the trans-Pacific route, further pressure was brought to persuade Canada to participate in a joint U.K.-Canada-Australia-New Zealand operating company. This proposal, however, was completely given up when Mr. Howe stated that it would not be possible. The Canadian suggestion for segment operations connecting at Honolulu did not meet with favour from the United Kingdom, Australia or New Zealand. Australia, supported by the United Kingdom, was obviously anxious to have her flag carried through to North America and urged very vigorously the desirability of having the Canadian flag carried to Australasia. Australia and New Zealand also indicated their willingness to make available to a Canadian line a share of any traffic rights obtained by them from the United States. Accordingly, it was tentatively agreed to consider the establishment of parallel operations from Vancouver to Australia via San Francisco, subject to satisfactory agreements with the United States, to be made by Australia and New Zealand. Trans-Canada Airlines would provide a through service and another service would be provided by a joint U.K.-Australia-New Zealand company. By inter-company agreement arrangements would be made for division of schedules and pooling of traffic. If this failed, it was understood that the joint company would then attempt to operate from Australia to San Francisco and that Canada would connect with this service by operating a route from Vancouver to Honolulu.

7. On the question of standard clauses in bilateral agreements, a serious division of opinion arose. The United Kingdom, without prior warning, produced a series of standard clauses which they suggested that each Commonwealth country should undertake to incorporate in any bilateral agreements with any countries. These clauses had obviously been discussed with the Commonwealth countries other than Canada and had received general support and approval. In effect they provided for rigid regulation of capacity along the lines which the United Kingdom had unsuccessfully proposed at the Chicago conference. The discussion on this point was quite vigorous, with Canada alone standing out against the proposal on the grounds:

(i) that any such action would be equivalent to establishing a closed Commonwealth bloc, and could not fail to produce unfortunate results;

(ii) that the proposed articles could not apply to all the various agreements which Canada would be making since they would be far from suitable in many cases;

(iii) that many countries which might find the type of regulation proposed satisfactory if included in an international convention would find it unacceptable as part of bilateral agreements, with the result that insistence on it by the Commonwealth countries would prejudice chances of success in future bilateral agreements with other countries.

8. Australia, New Zealand and India all supported the British position, but the document was eventually left as merely an indication of the policy which the U.K. Government itself intended to follow. My own view is that if the proposals had been introduced on this basis in the first instance, it would have been much easier to discuss them.

9. The outstanding feature of all the Commonwealth conversations has been the readiness of the Commonwealth nations, other than Canada, to move in the direction of a united bloc. While Australia or South Africa might on a specific matter differ with a U.K. proposal, in general they all appeared ready to fall in with the idea of concerting policy in advance, agreeing upon a common front, participating in common schemes for operation or control, and seem to have no fear of presenting a common front in public. Canada alone opposed this consistently throughout the discussions.

10. The U.K. trend in this direction has obviously been strengthened by the discovery that most of the Dominions favour such a development as a means of protecting themselves in world affairs and that even when there is a difference of opinion, these Dominions do not press their point of view vigorously. I think that the tendency in this direction has been strengthened as a result of the Chicago conference. Most of the Dominions have come away feeling that their only protection in future world affairs lies in being part of a large and powerful bloc.

11. I fear also that the U.K. representatives in spite of the experience of the last twenty years, do not understand the Canadian position and consider us in some respects obstructive and extreme nationalists, bent upon preventing the establishment of a united Commonwealth front in world affairs. In consequence of this lack of understanding, discussion was, upon more than one occasion, lively with little recognition being given by the United Kingdom to the principles of Commonwealth relations which evolved during the 1920's and 1930's. Lip service is given to the right of any Dominion to freedom of action, but surprise and frequently a measure of annoyance is always evident when this right is exercised even in discussion.

**284.** DEA/3-Cs

*Rapport d'un conseiller,*
*la Conférence internationale sur l'aviation civile*

*Report by Adviser, International Civil Aviation Conference*

TOP SECRET December 13, 1944

INTERNATIONAL CIVIL AVIATION CONFERENCE
NOVEMBER-DECEMBER, 1944

In spite of substantial achievements in certain fields, the conference cannot be considered a major success although the U.S. and most of the other participants will seek to put as good a face as possible upon the results. In my detailed letters from the conference I described difficulties which prevented agreement on the really substantial issues connected with control of capacity

and rates; clash of temperaments between the heads of the U.K. and U.S. delegations; the unsatisfactory atmosphere caused by mistakes in organization and procedure and by the unfortunate choice of locale; the failure to hold a smaller preliminary conference; the uncompromising attitude taken by the U.K. War Cabinet in instructing its delegation; and the disagreement between the U.K. and U.S. over the treatment to be accorded to pick up traffic on any route and to control of capacity. President Roosevelt's announcement of the resignation of Mr. Berle from the State Department at a time when the conference was drawing to a conclusion, although connected with general reorganization of the State Department, was considered by some in view of the timing, as a criticism of Mr. Berle's handling of the conference.

In temperament the heads of the U.K. and U.S. delegations were completely incompatible. Mutual lack of trust was increased by belief on each side in the lack of ability in negotiation and the uncooperativeness of the other. Tempers ran high and at times there was virtually a complete refusal to meet or even to authorize an intermediary to act. Upon such occasions only Canadian independent action brought about further discussion between the two.

The atmosphere of the Stevens Hotel was not good. The hotel itself was crowded and noisy, while its food was not of the best. Rooms were small and tempers easily became frayed. While it was true that delegates could get out into the city for diversion, it was also true that the atmosphere was far from restful and fresh air was at a premium.

The failure to hold a preliminary conference greatly lengthened the Chicago meeting and added to general dissatisfaction; this was particularly true when the three powers, Canada, the U.S. and the U.K. began their two weeks of meetings to attempt reconciliation of views. The other nations had little to do during this period and became quite unhappy over the situation. This undoubtedly added to the spirit of rebelliousness displayed during the last two weeks of the conference, by some of the smaller nations and by the Latin American bloc. Lack of any preliminary agreement on basic issues also made it much easier for small nations with exaggerated ideas of the meaning of national sovereignty to press their views successfully during the last two weeks.

As far as organization itself was concerned there was faulty direction in other respects as well. An Executive Committee composed of all heads of delegations was established but proved unwieldy in size and somewhat lacking in harmony. The Executive Committee in turn established a small Steering Committee of some dozen odd members but the President of the Conference made practically no use of this Steering Committee. I believe it only met once or twice and then did little of significance.

The choice of Chairmen in main committees, subcommittees and drafting committees was far from fortunate. Sometimes the Chairmen were handicapped by lack of knowledge of English. Where this was not the case they were frequently inadequately equipped to control a meeting, with the result that some of the main sessions were confused and turbulent in their procedure while some of the drafting committees became towers of Babel. There were some exceptions to this situation.

At times the President of the Conference displayed the ability to employ a strong guiding hand; at other times this ability was far from evident. This may in part be due to the fact that the U.S. delegation was split on a number of issues and did not come into the conference with complete and clear ideas on the more important issues. During the early weeks of the conference the U.S. delegation held almost daily meetings in an effort to solve its difficulties. One of the best indications of lack of generalship were the facts that the Latin American nations supported by only two European countries, Luxembourg and Belgium managed to get the Council increased to an unwieldy twenty-one members, and that the U.S. made no serious attempt to forestall this or to correct it after the damage had been done.

A further difficulty was the order of approach to the subjects under discussion. The sensible approach in our opinion (shared by a number of countries) was to deal in the first instance with permanent arrangements and, having done this, then to deal with temporary arrangements, utilizing as much of the permanent agreements as feasible. It took almost two weeks to bring the U.S. to this point of view and at no time did it prove possible to call a halt to the committees dealing with temporary arrangements with the result that plans for an interim organization and for standard clauses in bilateral agreements were completed at a time when the discussion on the permanent organization was just nicely under way. In consequence the interim plans had later to be reviewed completely in an attempt to bring them into line with the permanent document. It also meant that Canada, having reserved its main arguments for the permanent document found that certain unsatisfactory clauses had been inserted in the temporary documents. The supporters of these clauses argued that since they had been adopted in the interim documents they should also be included in the permanent convention. The foregoing procedure also led to a number of the important questions being debated in several committees instead of being concentrated in a single committee.

France, while playing in many respects a useful and sensible role was obviously striving for recognition as one of the leading great powers. Its insistence that French be an official language provided some difficulties. While it did not succeed as regards the official language of the conference, French was accepted as one of the official languages for the final documents; Spanish and English being the other two. The Latin Americans made it quite clear that if French were adopted officially for any purpose, Spanish would have to be adopted as well. This proved to be the case. Yugoslavia made a strong plea for the use of a Slavic language, (presumably Russian).

The neutrals were on the whole careful about their participation in the conference. Spain said very little. Turkey said nothing. The Swiss representative spoke only once when he made a helpful attempt to keep the size of the Council down to reasonable proportions. Portugal had a little more to say. Ireland spoke quite frequently, both in committees and in drafting committees.

China did not play a leading role at any time and did not attempt to press forward. Poland was quite vocal but its contributions were not helpful. Greece was very vocal indeed.

Following the protestations of the U.K. and U.S. that all their endeavours were intended to protect the small nations, a number of these small nations suggested openly that they would prefer to protect themselves. In other words, the constant reference by the great powers to their protection of the interests of others found a welcome, but one heavily tinged with suspicion.

One of the most ominous signs of the conference was the activities of the Latin American bloc under the leadership of Cuba and Mexico. The Latin American representatives displayed little ability in negotiation but by sheer weight of numbers made themselves felt. They held frequent meetings and agreed upon concerted plans of action. They also met a number of times with the head of the U.S. delegation who displayed ability to bring them into line. The fact that some of their activities at the conference were definitely injurious leads to the conclusion that either the U.S. was not able always to influence them or that the U.S. upon occasion deliberately allowed them to have a free rein in a manner disturbing to other countries.

The constant theme of the Latin Americans was protection of national sovereignty and maintenance of juridical equality, a theme which was used on every possible occasion in watering down the permanent convention. Their practice of common action and of voting as a solid bloc had its strongest manifestation in the election of the Interim Council. There, a complete Latin American slate was prepared, including seven Latin American States on the Council of twenty-one. This became known and resulted in a bitter debate in the meeting of the Executive Committee which was supposed to agree on nominations for the Council. The U.K. and Yugoslavia in particular criticized the Latin American action strongly. The Executive Committee debate was so vigorous that the election was eventually referred to a plenary session, where the Latin American slate carried the election.

The Latin Americans had apparently approached a number of European countries asking for their support; in particular countries whose names they had included in their slate. They were turned down by some and in consequence struck those names off the slate, substituting others. By this device they obtained enough support from other countries, notably Irak, Greece, Egypt, and probably Turkey, Iran and Belgium, to give an assurance that between twenty-five and thirty countries would vote the Latin American slate. The voting of other countries was, of course, split according to the individual views of each country. Apparently Brazil alone was worried over this development and tried to hold it in check. Brazilian representatives frankly told Canada that they were in a difficult position. Being non-Spanish, and being the rising great power of Latin America they were an object of some suspicion on the part of the other Latin American countries. This was a short-sighted move on the part of Latin America since the great powers, having seen this gerrymandering, will be likely in future to concentrate control in their own hands in order to prevent this sort of chaotic situation while the intermediate and lesser powers who were angry over the situation will undoubtedly attempt some sort of retaliatory action at future conferences by forming a counter-bloc.

Irritation, particularly among European countries, was extreme. India which had a strong case for membership on the Council had been left off entirely. Just before the closing session of the Conference, Norway made known its intention of withdrawing voluntarily from the Council in order to provide a place for India. Sweden and Denmark had approved this step. Apparently at this point Mr. Berle made strong representations to the Cuban delegate pointing out that Latin America had badly overplayed its hand. Cuba attempted to persuade some other Latin American country to withdraw from the Council without success; having failed it then made the grand gesture in final session that Cuba itself withdraw rather than Norway in order to provide a seat for India. The gesture was accepted.

In view of the fact that Congressional ratification will have to be given it is interesting to note certain facts in regard to the composition of the first Council. Eight States from the Americas are represented, — six from Latin America together with the U.S. and Canada. Four British Commonwealth States are represented, namely the U.K., Canada, Australia and India, together with Egypt which the Americas consider to be equivalent to a part of the Commonwealth and Irak where Britain has a considerable influence.

A disturbing feature was the extreme bitterness of some of the invaded countries with regard to future admission of new members (presumably enemy States). This matter got completely out of hand with the result that while the United and Associated Nations and present neutrals may adhere to the documents, other countries will only be admitted subject to the consent of a four-fifths majority of the Assembly and to the specific consent in each case of any country attacked or invaded by the applicant during the present war, (which for this purpose was interpreted to include the Italo-Ethiopian campaign). Greece, Poland and Ethiopia led in this development with some support from Yugoslavia and France.

The Secretariat to the conference proved quite efficient in normal matters of organization such as production and circulation of documents and announcements. It did not, however, make any attempt to provide the little extra amenities which help to keep a conference happy. The Secretaries for Committees were efficient; a number of them came from the Bureau of the Budget. A few of them however were prone upon occasion to act as *de facto* Chairmen, regardless of officially appointed Chairmen, as well as Secretaries, a situation which at times annoyed committee members. This was most noticeable in drafting committees.[88]

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[88]Pour le rapport de Symington sur la Conférence de Chicago voir la pièce jointe, document 288. For Symington's report on the Chicago conference see enclosure, Document 288.

**285.** DEA/72-MK-4-40

*Le ministre des Munitions et des Approvisionnements au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Munitions and Supply to Under-Secretary of State for External Affairs*

Ottawa, December 19, 1944

Dear Mr. Robertson:

Re: *International Aviation*

I have noted copy of confidential teletype WA-7021 from our Minister [*sic*] at Washington,[1] calling attention to the countries which have signed the various agreements which emerged from the Chicago Conference.

You will note that Canada has signed the Final Act, and that this Act has been signed by 53 countries (everybody except Liberia). Canada has also signed the Interim Agreement, and 37 countries have signed this Agreement to date.

Canada has signed the Convention, as have 35 countries in all.

Canada has not signed the Two Freedoms Agreement, although 28 countries have signed to date. The United Kingdom signed the Two Freedoms Agreement, but reserved Newfoundland from the terms of the Agreement, which is bringing in favourable [unfavourable?] editorial comment from the United States.

The United States is anxious to sit down with Canada to make a bilateral agreement covering aviation between the two countries, and January 22nd has been mentioned as a suitable date.[89] As the last meeting was held in Canada, it is proposed that the next meeting be held in New York City. It is understood that you will notify the U.S. Ambassador at least a week before the actual date of the Conference.

In my opinion, Canada should sign the Two Freedoms Agreement. It might be convenient to have the Agreement signed in Washington at the end of the U.S.-Canada conference. I understand that Newfoundland will withdraw its reservation when Canada signs, although this was only a suggestion made by the delegates from Newfoundland at the last Montreal Conference.

The United States and 16 other countries have signed the Five Freedoms Agreement. It seems to me that it is not worthwhile for Canada to do so, since none of the European countries except Sweden and Turkey have signed.

I shall appreciate the views of the Department of External Affairs in these matters.

Yours sincerely,

C. D. HOWE

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[89]Voir les documents 297-8./See Documents 297-8.

**286.** DEA/72-MK-4-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

Ottawa, December 30, 1944

MEMORANDUM FOR THE PRIME MINISTER

The American Ambassador came to see me yesterday to enquire what action the Canadian Government proposed to take about the "Two Freedoms" Agreement drawn up at the Chicago Civil Aviation Conference. I told him that we were expecting to discuss with United States representatives the negotiation of a Canada-United States Convention at the end of January, and thought it unlikely that Canada would sign the general international convention conceding freedom of transit before the bilateral Canadian-American agreement was concluded.

Mr. Atherton said that he had gained the impression, from conversations with Mr. Howe, that Canada was ready to sign the Two Freedoms Convention at any time. I told him that there had been no decision reached as to the timing of the signing of this Convention at the last Cabinet meeting at which Mr. Howe had been present, and I thought it unlikely that further consideration would be given to the question before his return from the south. The Ambassador asked me for my private opinion as to whether or not it would be difficult for the Canadian Government to sign the Two Freedoms Convention prior to the opening of bilateral negotiations, if the United States very much wanted us to do so. I told him that I thought it would be better to conclude the bilateral agreement first, because otherwise the provisions of a bilateral Canadian-American civil aviation agreement might be criticized in Canada by persons who could contend that, in signing the general agreement first, Canada had conceded, in advance, what was commonly, though I thought wrongly, regarded as the strength of its international bargaining position.

**287.** DEA/72-MK-4-40

*Le sous-secrétaire d'État aux Affaires extérieures au ministre des Munitions et des Approvisionnements*

*Under-Secretary of State for External Affairs to Minister of Munitions and Supply*

Ottawa, January 3, 1945

Dear Mr. Howe,

I am taking advantage of a bag Bill Bennett is sending you to reply to your letter of December 19th on outstanding aviation questions. I am glad to note that the United States wish to discuss the question of services between Canada

and the United States since these will require a good deal of careful consideration and negotiation and the sooner we can start the better.

A date in the second half of January should be satisfactory, as would New York as a meeting place. We will, as you suggest, make the necessary arrangements with the United States Embassy for the meetings.

On the subject of the two freedoms I agree that Canada should sign the agreement, but think this should be done after or during the negotiation of our agreement with the United States. I am enclosing a copy of a note I have given the Prime Minister of a conversation I had with the American Ambassador on this subject last week.

As regards the five freedoms, I agree that Canada should not sign the agreement for the time being. It would it is true, be of advantage to us in flying through the United States either to the Caribbean or to Australia. However, it opens up such possibilities of overcrowding on the Atlantic that it might lead to serious difficulties in the absence of an effective international authority to keep capacity in some sort of relation to traffic offering.

Yours sincerely,

N. A. ROBERTSON

**288.** DEA/72-MK-4-40

*L'adjoint exécutif du ministre des Munitions et des Approvisionnements au sous-secrétaire d'État aux Affaires extérieures*

*Executive Assistant to Minister of Munitions and Supply to Under-Secretary of State for External Affairs*

Ottawa, January 3, 1945

Dear Mr. Robertson,

I enclose a copy of a report on the International Air Conference, held in Chicago, which has been submitted to Mr. Howe by Mr. H. J. Symington. Mr. Symington has asked that I send you a copy of his report.

Yours sincerely,

W. J. BENNETT

[PIÈCE JOINTE/ENCLOSURE]

*Rapport du président, Trans Canada Airlines*

*Report by President, Trans Canada Airlines*

Montreal, December 29, 1944

The International Conference at Chicago lasted for thirty-nine days. It opened on November 1st and closed December 7th.

On the opening day, addresses were made by leading delegates, the principal ones being those of the United States, the United Kingdom and Canada. The address by the Canadian Chairman, the Hon. C. D. Howe, aroused great

interest and printed copies were in brisk demand. The address gave evidence of careful preparation and was a reasoned discussion of an actual Convention. In this way Canada's introduction to the Conference was excellent.

When the proceedings were finally organized, Canada succeeded in having the Canadian draft convention selected as the basis for discussion and a Canadian delegate was appointed chairman of the sub-committee on International Air Transport principles. Several days were taken up with the explanation of and reasons for the various clauses in the draft convention. Good progress was made until the clauses dealing with allocation of frequencies, escalation and control were reached.[90]

It soon became clear that there were important differences between the United Kingdom and the United States on these subjects, and the Latin American countries gave strong support to the United States against the question of control of the Authority on the grounds of incompatibility with their sovereignty. As the situation developed, Canada naturally became the mediator between the two largest nations in [endeavouring] to reconcile their views, and spent many days and nights [in efforts] to find common ground.

Much progress had been made and was being [made when] the United States suddenly demanded the addition of the [fifth] Freedom. In connection with the Freedoms, Canada, after [long] consideration in the preparation of its convention, had [decided] that only four freedoms were feasible. This sudden move [by the] United States greatly accentuated the difficulties as it [introduced] the factor of pick-up traffic in various countries [passed] through on long trunk routes, and correspondingly accentuated the importance and difficulties of the clauses [previously agreed to] relative to the basis of initial allocations and the [subsequent] increase. It was upon this point that the Conference [finally?] broke down.

While the clauses dealing with freedoms, [?] and with protection of countries retarded in [commercial aviation] development by war were finally omitted from the [Convention which] had been virtually agreed upon conditional on [agreement on the] frequency clause which included the escalator [principle ?] not having been accomplished, the other clauses [?].

By numerous drafts and suggestions, the Canadian delegation gradually narrowed the differences, and when the last Canadian draft was submitted, the Chairman of the United States delegation said that he would support it in his delegation if the United Kingdom asked for it. The United Kingdom, however, amended the Canadian suggestion by proposing that in case of dispute over the original allocation or the escalator provisions that the disputed point be left for decision by the International Board, who should make their decision after consideration and application of four principles set out in the suggested amendment. By this move the United Kingdom delegation got itself on tenable

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[90] Il nous manque une partie de la première page de ce document. Les mots entre parenthèses sont présumés.
Part of the first page of this document was missing. The words in square brackets are conjectural.

grounds, viz., impartial decision on a disputed matter by an impartial board, and they clung to that position to the end. It was at this point that London and Washington came into the picture. The United Kingdom said they had specific instructions not to support the last Canadian proposal, and the United States said they could not accept the English amendment as it would not pass Congress. As a last resort, I asked the Chairman of the United States delegation to permit me to address his delegation, as I hoped to be able to convince them that the British amendment to the last Canadian proposal could well be accepted by the United States, but he refused saying that it was useless. The result was that these matters were referred to the interim board for study and report but, of course, unless a new Conference was called, any change would now be an amendment to the present Convention and would require the necessary two-thirds majorities in order to be adopted.

To substitute for these clauses, the United States delegation proposed two documents, one providing for two freedoms and one for five freedoms, to be attached as protocols to the Convention. The Canadian delegation opposed this vigorously and eventually persuaded the Chairman of the United States delegation to simply submit them as agreements between States who might desire to sign them apart from and in no way connected with the Convention. Therefore, these agreements stand as contracts between those who signed them unless and until the clauses left to the interim council for study are settled.

Meanwhile, the technical committees and sub-committees had been working very hard and doing excellent work. The Paris Convention and Havana Convention were reconciled with the result that a complete section on aerial navigation was incorporated in the Convention. Various annexes to the Convention covering all sorts of practical and intricate questions were completed.

With respect to the composition of the Council, the Canadian Convention proposed twelve members as a workable body, selected on the functional principle. The South American and Middle East States wanted a larger board with the idea of their securing representation thereon. Neither the United Kingdom nor the United States delegations at that time seemed to desire to oppose these countries and they weakly consented to the number being raised to twenty-one. In the result, the Council is unwieldy and will require to resort to an Executive Committee to be efficient and practical.

On the question of the seat of the Council, the United States had proposed Canada, and France had made an impassioned plea as to her claims. Canada took no part in any way. When it came to be decided, the Chairman called for a vote on the seat of the Interim Council and Canada secured a reasonable majority. When it came to the question of the location of the seat of the permanent council, the vote was a tie with two votes missing. The delegate for Paraguay had left the room and the delegate for Luxembourg had gone to Washington. The delegate for Paraguay returned and voted for Canada, and the Chairman was announcing the selection of Canada when the delegate for Holland asked that the matter be left over for the final plenary session in view of the close vote and the absence of the delegate for Luxembourg, and this was

done. Subsequently, the acting Chairman for Canada, after a visit from the French delegation, suggested that the matter be settled at the final meeting of the Interim Council, and this was agreed to. The French delegation were extremely grateful and many countries congratulated Canada on the fairness of her stand. In any event, Canada did not want its selection to be the result of an American bloc which it in principle was strongly opposing.

Whether the Conference was a success or a failure cannot now be determined. A foundation has been laid which will permit of development, and familiarity with results may remove fear of what may happen and may bring about settlement of the disputed clause on frequencies and escalation.

The Canadian draft is the foundation of the Convention and the language of the transport sections is largely from that draft. By reason of being more thoroughly prepared, and by reason of having put forth a finished document, Canada took a most prominent position and won the commendation of all countries. The credit is entirely due to those responsible for that preparation. The acting Chairman of the Canadian delegation had access to confidential messages and the margin by which the last Canadian proposal failed of acceptance was so narrow as to be tragic.

The achievements of the Conference were as follows:

(1) *Final Act* — This document includes a series of resolutions, including a recommendation to study the disputed essential clauses and reporting thereon. Resolutions also cover such matters as disposition of technical annexes prepared during the conference, technical personnel, the metric system, transfer of title to aircraft, the position of the Rome Convention of 1933, the development of private international air law, flight documents and publication of documents. One of the most important of these resolutions sets forth certain standard clauses which signatories agree to incorporate in all bilateral agreements regarding international air services. The clauses are of a general nature, providing for mutual recognition of standards, imposition of reasonable charges, registration and similar matters. Countries accepting this resolution also undertake not to grant exclusive rights in bilateral agreements or make discriminatory arrangements.

(2) *Interim Agreement on International Civil Aviation* — The interim agreement establishes an interim organization which is to remain in existence until the permanent convention comes into force or another conference is called, but in no case to exceed three years. It establishes a provisional organization composed of an Assembly, an Interim Council of twenty-one members and under the Interim Council, a Committee on Air Transport, a Committee on Air Navigation and a Committee on the International Convention.

(3) *Permanent Convention on International Civil Aviation* — The permanent convention on international civil aviation contains many of the provisions of the original Canadian draft convention submitted to the Conference. It is composed of a part dealing with air navigation, a part establishing the

permanent organization, a part dealing with air transport and a part containing final general provisions.

The permanent organization follows the same lines as the interim organization but has more extended powers. It contains principles similar to those proposed in the original Canadian draft convention regarding coordination with any international security organization, regarding provision of airports and air navigation facilities and other matters. While in general its function is to be advisory and consultative, one chapter of this convention provides for compulsory settlement of disagreements between nations over aviation matters.

(4 & 5) *International Air Services Agreement and International Air Transport Agreement* — As a failure to reach agreement regarding frequencies and escalation had caused the elimination from the Convention of the freedoms clause and the rates clause, an attempt was made by the United States to circumvent bilateral agreements through multilateral agreements dealing, one with two freedoms and one with five freedoms. These bind the parties to each agreement as between themselves and are in no way part of the Convention.

The Conference failed of complete achievement owing to several causes.

The United States and the United Kingdom viewpoints were at wide variance on many things, and it was most unfortunate that Lord Swinton and Mr. Berle got at cross purposes at their first meeting and that a mutual dislike of each other grew. It took days getting them into a frame of mind where progress was possible, and even then, there were outbursts from time to time which retarded progress. Whenever a suggested compromise caused either party too much difficulty in resisting, Lord Swinton's final reply was that it was contrary to the instructions of his Prime Minister, and Mr. Berle's final reply was that he could not get it through Congress.

One effect of the initial delay was that the other head delegates had nothing to do and became impatient and perhaps resentful. One unfortunate result was the formation of a South American-Middle Eastern bloc, which discovered their power and inflicted their will upon the matter of the size and composition of the Council.

The United States gave way on the principle of computation on the basis of embarkation in a country, and felt that this was a great concession. The United Kingdom and Canada gave way on the powers of the Authority and adopted Mr. Berle's new technique of enforcement by means of making each State refusing to compel her airlines to obey findings of the Authority guilty of a breach of an international obligation. This was an original and probably effective means of meeting a situation where there was deep rooted aversion to committing drastic enforcement powers to the proposed Authority. Mr. Berle was the father of this idea and deserves commendation for it.

The Five Freedoms clause was virtually agreed upon when Canada's suggestion of the right to reserve out of the fifth freedom was accepted by both sides. The rate clause was agreed upon and the devastated and retarded nations clause also, but these were dependent upon the settling of the frequency clause,

and when this was put aside for further consideration, the others, although practically agreed upon in wording, went the same way.

The susceptibilities of the Latin American States to infringements of sovereignty were by patient drafting overcome.

The organizations, both interim and permanent, were set up with a fair chance that differences of opinion on the outstanding point will, in the process of time, not appear so formidable and that a proper regulatory authority may be set up along the lines of the original Canadian draft.

One important lesson to be learned from the Conference is that the leading nations should have a complete understanding of their objectives before a large Conference meets. Had this been done in this case, the Authority could probably have been set up in a relatively short time. People of international goodwill should if possible be the delegates. Mr. Berle unfortunately had an anti-Anglo prejudice which showed itself from time to time, and Lord Swinton was of the old imperialistic school not particularly alive to present day trends and resentful of some of Mr. Berle's actions. The delegates to the Conference should, as far as possible, be free to exercise their discretion on disputed points. A reference to a home government by telegraph or cable is unsatisfactory and depends to too large an extent upon the representations make by the delegate rather than in the face of the evidence.

The United Kingdom was plainly fighting to maintain her spheres of influence and there was evident a spirit of fear that the centre of influence was flowing to this hemisphere. The latter applied somewhat also to other European nations. It also seemed that England feared American superiority in the air.

The United States, on the other hand, was plainly desirous of securing a large measure of domination in the air and is not prepared to surrender her chances by leaving them in the hands of others to approve or deny what it wants.

The attitude of Holland, France and other European countries was to maintain United States goodwill, giving up a minimum in doing so, while the attitude of the United Kingdom was to preserve her position even though relations with the United States were put under some strain.

Canada should endeavour to add to her personnel, people capable of taking a leading part in conferences of this kind. Personal contacts and conversations with representatives of many countries could not be prosecuted effectively without a much larger delegation.

Mr. Escott Reid and Mr. John Baldwin did great work. As a resourceful draftsman, fertile ideas and quick of execution, Mr. Reid far outdid representatives of any of the other countries. Mr. Baldwin did his work on the drafting committees ably and well and commanded respect in all quarters. Mr. Wilson and his technical assistants more than held up their end.

The place which Canada occupied at this Air Conference calls for added responsibility. The selection of Canada as the headquarters for the Interim Council (and probably the Permanent Council) and as a member of it, calls for the selection of a place in Canada for such headquarters and the provision for

office space and living quarters. The membership and staff will be numerous and will bring a large number of newcomers from all the world to this country. There is a twenty-one man council with sub-commissions, committees and staffs, many with families, whose welfare must be considered. Canada will require to decide on her nominee on the Council as well as provide various types of personnel, and these should be competent men.

In addition, an international association of operators from all the world is being formed, and it has been intimated that they also are seriously considering Canada as their headquarters.

Canada thus has the opportunity of becoming a very big factor in world aviation and it should not be neglected. Canada must endeavour to add to her personnel, people capable of taking a leading part in these organizations.

Canada must give consideration as to whether she will sign the Two Freedom agreement and the Five Freedom agreement prepared at the Conference. It would not seem wise to reach a decision until after bilateral agreements are made with the United States respecting both domestic and international lines, and probably also with the United Kingdom relative to international lines.

Under instructions from Canada, the Acting Chairman was prepared to agree to the Two Freedom agreement, but under the conditions as they developed, decided to intimate that Canada would at the proper time probably sign. Ultimately, unless a satisfactory convention can be obtained, Canada will probably feel it wise to sign the Two Freedom agreement.

Canada must also decide whether she will sign the Five Freedom agreement, but this introduces other considerations and must be thought out with great care.

Canada must decide whether she will further endeavour to bring the United Kingdom and the United States together so as to get a finished Convention substantially along the lines of the Canadian proposals. If she decides to try, then she would probably be in a stronger position if we do not now sign the Freedom agreements.

Under the interim and final conventions signed at Chicago, the signature and acceptance clause reads as follows:

"The undersigned delegates to the International Civil Aviation Conference, convened in Chicago on November 1, 1944, have affixed their signatures to this Agreement with the understanding that the Government of the United States of America shall be informed at the earliest possible date by each of the governments on whose behalf the Agreement has been signed whether signature on its behalf shall constitute an acceptance of the Agreement by that government and an obligation binding upon it."

Although the Canadian delegates signed under plenipotentiary powers, it seems that this clause would govern and it is, therefore, recommended that the

Government should decide to ratify the signatures to the interim agreement and the permanent convention.[91]

The complete documentation of the Conference have been deposited with all interested departments in Ottawa.

**289.** DEA/72-MK-4-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-88 Washington, January 5, 1945

CONFIDENTIAL. My WA-7254 of December 30th,† concerning international aviation.

1. We sent to the State Department on January 1st a note dated December 30th,† identical with that given in paragraph 1 of WA-7254. Canada is, I think, the first country to have accepted the Interim Agreement.

2. If you are going to make an announcement to the press in Canada on the acceptance, we would be grateful if you would give us a little prior warning.[92]

3. We have not yet received from the State Department a report on the question of whether the Administration is going to submit the Interim Agreement to Congress.

4. Mr. Parsons of the State Department reiterated yesterday in an informal talk with Mr. Reid on another matter, that the State Department has been under the impression that Mr. Symington stated at Chicago that Canada would sign the Two Freedoms Agreement. Mr. Reid stated that the formula which Mr. Symington has used in answering repeated enquiries from the press at Chicago had been — "We are not signing at the moment," and that he had refused, in spite of persistent questioning to say more than these seven words. At Mr. Parsons' request, Reid also looked up the Journal of the Conference for December 3rd, which gives a résumé of the meeting on December 2nd of the Joint Sub-Committee of Committees 1, 3 and 4, and informed Mr. Parsons that Mr. Symington's statement, as summarized in the Journal, was not open to the interpretation that he had pledged Canada's acceptance of the Two Freedoms Agreement. Mr. Parsons agreed with this conclusion. He phoned,

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[91]L'accord intérimaire, la convention, l'accord sur les services aériens internationaux et l'accord sur le transport aérien international furent approuvés par une résolution de la Chambre des communes le 26 novembre et par une résolution du Sénat le 5 décembre 1945. Voir Canada, Chambre des communes, *Débats*, 1945, deuxième session, p. 2548; Sénat, *Débats*, 1945, pp. 400-3.

The interim agreement, the convention, the International Air Services Agreement and the International Air Transport Agreement were approved by resolution of the House of Commons on November 26 and by resolution of the Senate on December 5, 1945. See Canada, House of Commons, *Debates*, 1945, Second Session, p. 2492; Senate, *Debates*, 1945, pp. 376-8.

[92]Un communiqué de presse fut émis le 17 janvier 1945.

A press statement was issued on January 17, 1945.

however, this morning to state that he had been informed that Mr. Symington had told Mr. Berle that Canada would sign the Two Freedoms Agreement, but that Mr. Berle was out of town and he was not able to check this story with him. Mr. Parsons then mentioned the conversations which the United States Ambassador in Ottawa had had, and which are referred to in the second paragraph of the Under-Secretary's memorandum to the Prime Minister of December 30th, which was transmitted to us by the Under-Secretary in a letter to Mr. Mahoney of December 30th.[1]

5. Reid's recollection of what Mr. Symington said to him of his conversation with Mr. Berle was that Mr. Symington had reminded Mr. Berle of Mr. Berle's promise, made at the very beginning of the Conference, that if Canada were to agree to a grant of air freedoms, the United States Government would see to it that United States airlines landing in Canada did not deprive Trans-Canada Air Lines of any considerable amount of traffic. Mr. Symington had then gone on to say that, since Mr. Berle was now leaving the State Department and his statement, therefore, would not necessarily bind his successor, it would clearly be necessary for Canada to withhold its signature of the Freedoms Agreement until after the conclusion of bilateral talks with the United States. Mr. Berle concurred in the propriety of this course of action.

6. I am not happy at this effort by the State Department, through their Ambassador in Ottawa and through Mr. Parsons here, to attempt to restrict the freedom of action of the Canadian Government by implying, if not stating openly, that Canada would be acting in bad faith if it were to decide against signing the Two Freedoms Agreement at the present time.

7. Perhaps one trouble is that, with Mr. Berle out of the State Department and with Mr. Clayton having only recently taken over aviation matters, the control of United States international air transport policy is now lodged in the hands of Mr. Stokeley Morgan, the Chief of the Aviation Division. Of the dozen or so principal members of the United States delegation at Chicago, Mr. Morgan was, in Reid's opinion, along with Senator Brewster, the most rigid opponent of the Canadian views on the International Air Transport Convention. Apart from Senator Brewster and Mr. Morgan, the leading members of the United States delegation all gave us clear indications that they would have been happy to have agreed to a permanent International Convention which would have included the missing chapters, among them one very close to the Canadian compromise on Article XI. Mr. Morgan, however, instead of assisting in arriving at a reconciliation between the United States and United Kingdom positions, demonstrated on a number of occasions a desire to put obstacles in the way of reconciliation.

8. It would thus seem doubtful whether we can expect assistance from Mr. Morgan in our efforts to close the gaps in the present permanent Convention. Clearly, therefore, the important consideration which will need to be weighed by the Government in coming to a decision on whether or not to sign the Five Freedoms Agreement or the Two Freedoms Agreement, or both, will be whether such signature will increase or lessen the difficulties which will have to

be surmounted in securing United States and United Kingdom acceptance of the inclusion in the Convention of the 3½ missing chapters.

**290.** DEA/72-MK-4-40

*Premier secrétaire, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*First Secretary, Embassy in United States, to Under-Secretary of State for External Affairs*

PERSONAL AND SECRET [Washington,] January 9, 1945

Dear Norman [Robertson]:

I have marked this letter, which deals with Canadian policy on the Five and Two Freedoms Air Agreements, "personal and secret" to make it easier for me to put my ideas rather more directly than would perhaps be appropriate in an official letter for the Department's files.

2. I am concerned to learn from your letter of January 3 to Mr. Howe that you are in favour of Canada signing the Two Freedoms Agreement (International Air Services Transit Agreement). I have such respect for your judgment that it is with diffidence that I raise the question of the wisdom of your recommendation. You must have good reasons for making it, but I find it hard from this distance fully to comprehend the compelling nature of those reasons.

3. As I see it, the acceptance by Canada of the Two Freedoms Agreement is, of the four possible courses of action open to us, the one which would least serve either our direct and immediate national interests or our longer-run and overriding national interest in the establishment of an effective international civil aviation organization.

4. I would put the four possible courses of action in the following order of merit, the first being the best and the fourth the worst:

(1) Acceptance of neither the Two Freedoms Agreement nor the Five Freedoms Agreement (International Air Transport Agreement);

(2) Acceptance of the Five Freedoms Agreement;

(3) Acceptance of both the Five Freedoms Agreement and the Two Freedoms Agreement;

(4) Acceptance of the Two Freedoms Agreement.

5. I have already, in my letter to Mr. Symington of December 20,† a copy of which I sent you, set forth at some length the reasons which have led me to this conclusion. That letter contains a draft of a statement which might accompany an announcement by the Canadian Government of its decision not to accept either of the freedoms agreements at the present time. It is not necessary for me now, therefore, to repeat the arguments which I make in my letter of December 20. I shall merely summarize them.

6. A refusal to accept either of the two agreements because they are at best stopgaps, and unsatisfactory stopgaps, would be in line with the policy of the Canadian Government during the past year or two. We have contended that

the only practicable solution to the problems of international air transport is the conclusion of a comprehensive international air transport convention. We have not yet succeeded in getting that convention, but if we continue during the next six or nine months to push for it as forcefully as possible, there is, I think, better than an even chance that we can get it. A comprehensive convention would include all the articles in the Five Freedoms Agreement. It would also include the missing chapters on allocation of capacity, tariffs, and special treatment for those United Nations which have been hardest hit by the war.

7. If I am right in my estimate that there is a better than even chance of getting a comprehensive convention within the next six or nine months, then there is no pressing need for the Five Freedoms Agreement during that period. The military set-backs which we have suffered have postponed the establishment of civilian air transport services on the main international air routes of the world. Any services which can and need be established over Canada during the year 1945 could be established as the result of temporary permits granted by the Canadian Government, valid for the year 1945.

8. That is the line of my argument in favour of Canada refusing at the present time to accept either of the freedoms agreements. My argument for not accepting the Two Freedoms Agreement, either with or without the Five Freedoms Agreement, is, in part, that we have consistently contended that it is not in the general interest to separate the first two freedoms from the third and fourth freedoms and, though it is true that the so-called Two Freedoms Agreement is, in reality, a two freedoms plus agreement, it still does not satisfactorily meet our point.

9. Another argument for not signing the Two Freedoms Agreement is set forth in the note which is attached to this letter. It is that we would give away much more than we would get.

10. That note also attempts to make the point that we would get more of the air rights we need in order to establish Canadian long-distance international services by signing the Five Freedoms Agreement than we would by signing the Two Freedoms Agreement. The strength of this argument will be increased if Brazil accepts the Five Freedoms Agreement.

11. I am, of course, showing this letter to Mr. Pearson and am telling him that I hope he will add his comments. I am not showing or sending the letter to anyone else but enclose two extra copies in case you should want to pass it on to anyone.

12. I have not developed the point which is of most concern to me and that is my strong feeling that our chances of getting the United States and the United Kingdom to agree this year on the missing chapters of the permanent convention will be greater if we sign neither of the freedoms agreements.

Yours sincerely,

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

*Appendice à la lettre du premier secrétaire, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*Appendix to Letter from First Secretary, Embassy in United States, to Under-Secretary of State for External Affairs*

January 9, 1945

1. On the assumption that our North Pacific line would, for some time to come, stop in China, and that our South American line would, for some time to come, stop in Brazil, Canada needs, in order to establish the airlines now contemplated, the first two air freedoms from:

Newfoundland,
Denmark (for Greenland),
Iceland,
U.S.A., including Alaska and Hawaii,
U.S.S.R.
British West Indies, and possibly French Guiana and Dutch Guiana, though the Guianas might be by-passed by the route from Trinidad to Brazil.

2. On the same assumption, Canada needs the third and fourth freedoms from the U.S.S.R., China, British West Indies and Brazil.

3. Of the countries which have been mentioned, the Two Freedoms Agreement has been signed by Denmark, the U.S., the U.K., France and the Netherlands. The Five Freedoms Agreement has been signed by Denmark, the U.S. and China.

4. Thus, by signing the Five Freedoms Agreement and not the Two Freedoms Agreement, we would get all the rights we need for our long-distance international air services in Greenland, the U.S.A. and China. By signing the Two Freedoms Agreement and not the Five, we would get the rights we need in Greenland, the U.S.A. and the European colonial possessions in this hemisphere. The question, therefore, is whether the possession of freedoms one, two, three and four in China is not worth more than the possession of the freedoms one and two in the European colonial possessions in this hemisphere.

5. Another consideration, of course, is the value to us of the grant which we would be making of the two or five freedoms to the other signatories of the agreements. If we sign the Two Freedoms Agreement, we would be giving to the U.K., France, the Netherlands and Sweden the very valuable privilege of using the first two freedoms in Canada en route to the United States, and we would get in return only the much less important privilege of using the first two freedoms in the British West Indies and the Guianas.

**291.** DEA/72-MK-4-40

*Le secrétaire adjoint du Cabinet*
*au premier secrétaire, l'ambassade aux États-Unis*

*Assistant Secretary to Cabinet*
*to First Secretary, Embassy in United States*

PERSONAL AND CONFIDENTIAL Ottawa, January 18, 1945

Dear Escott [Reid]:

*Aviation — Freedoms Agreements*

I have gone over with interest your personal letter to Mr. Robertson on Canadian signature of the two freedoms and five freedoms agreements in which you suggest that Canada should not sign either but should upon request give temporary permits for the five freedoms.

I am in complete agreement, from the standpoint of purely selfish protection of our aviation interests, that we would theoretically be in a stronger position if we did not sign the two freedoms agreement. (Signature of the five freedoms is, of course, out of the question). Yet it would be most unwise for us to make a public statement that we would grant to other nations five freedoms, upon application, on a temporary basis. I think that until the permanent convention is complete, our bilateral agreements will have to be varied in each instance according to the nation we are dealing with and the problems involved and will have to contain, in some cases, two freedoms, in other cases, four freedoms and possibly even five freedoms.

This being the case, I think that we would hamper our own position and also our chances to complete the blanks in the permanent convention by refusal to sign the two freedoms after our bilateral talks with the U.S., if the U.S. is still anxious that we do so. For one thing, while we have not officially committed ourselves, we have certainly created the impression that we would be likely to sign if a satisfactory bilateral arrangement with Washington could be made first. In addition, multilateral granting of the two freedoms, even though it means the loss of important bargaining counters by a number of strategically located countries such as Canada, is generally and probably accurately accepted as a liberal and forward measure in the field of international air transport and it would, I think, be unwise for Canada to refuse to go along with it. Regardless of what reasons we might offer, I doubt if they would be understood or accepted and we might in consequence find greater difficulty in bilateral deals and later attempts to complete the permanent convention.

In short, I would not be inclined to take the initiative at this stage in signing the two freedoms agreement but if the U.S. continues to press us to do so, I think we would be ill-advised to refuse.

*Canada-U.S. Joint Board*

I also read with interest Mr. Pearson's letter to Mr. Robertson of January 11th[93] dealing with Mr. Pogue's suggestion that a Canada-U.S. Air Transport Board be established. This is not a new suggestion. I think if you check the documentation of the interdepartmental civil aviation committee, you will find in one of the reports on Canada-U.S. services some time ago that it was considered as a useful possibility. In fact, material prepared for the forthcoming conversations with the U.S. envisages something akin to this.

I am enclosing, for your information, a draft exchange of notes with the U.S.† which we have prepared. It has not, however, been cleared finally with Mr. Howe, Mr. Symington or Mr. Henry. You will see that it provides for an initial allocation together with a subsequent annual review by the aeronautical authorities of the two countries. It would not be difficult to give a formal name to this annual review by calling it a joint Canada-U.S. board.

The problem which troubles me most at the moment, however, is the idea of establishing criteria upon which the Board would act in its allocation of routes and services. There is something to be said, I think, for keeping the Canada-U.S. situation relatively fluid for the time being at least and not binding it to specific principles in view of the fact that we may want to make a considerable number of changes during the next few years in respect to Canada-U.S. air services. Moreover, if criteria are to be set up, I think they should follow the general lines of principles which may be incorporated in the permanent convention and it might be wiser to wait until the position is a little clearer in that respect before attempting to set up principles for a Canada-U.S. board.

As far as rates are concerned, the draft note does follow the Chicago pattern in leaving rates to the operators in the first instance. As far as services and frequencies are concerned, if you agree that it would be inadvisable to attempt to set down general principles for a board during the New York conversations, then the question becomes merely one of deciding whether there is any advantage in calling the proposed annual review a meeting of a joint Canada-U.S. board.

Yours sincerely,

J. R. BALDWIN

**292.** DEA/72-MK-4-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-447 Ottawa, February 8, 1945

Your WA-641 of February 6,† International Air Transport.

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[93]Voir le document 294./See Document 294.

As the result of a decision taken yesterday by Cabinet War Committee[94] you are instructed to sign the Two Freedoms Agreement on behalf of Canada and to indicate to the Government of the United States that this constitutes an acceptance of the agreement by the Canadian Government.

## PARTIE 2/PART 2
## ACCORD AVEC LES ÉTATS-UNIS
## AGREEMENT WITH THE UNITED STATES

**293.** DMS/Vol. 72-M-38

*Le secrétaire adjoint du Cabinet*
*au ministre des Munitions et des Approvisionnements*

*Assistant Secretary to the Cabinet*
*to Minister of Munitions and Supply*

[Ottawa,] December 30, 1944

Dear Mr. Howe:

In view of the forthcoming conversations with the United States on Air Services,[95] I have attempted to set down some points which the Canadian Delegation might keep in mind.

In the first instance, it should be ascertained whether the United States would be prepared to accept a continuation of the present policy regarding Canada-United States air services, i.e. division of routes in every case. Our most important requirement in such a case will be full rights on the Toronto to Chicago run.

If, as may well prove to be the case, the United States is prepared to make arrangements for additional services only on the basis of parallel operations in the most important cases, then it seems to me that the Canadian approach should be to require parallel rights on all routes where traffic will be sufficient to justify operation by two companies.

It might be possible to set forth criteria by which decision could be reached whether a route justified parallel operations; e.g. where the traffic offering was sufficient to provide, using aircraft of average capacity (e.g. 21 passengers), enough total traffic for three round trips daily at an average pay load of 60%. However, differences in type of aircraft at present in use and excess of existing demand over space available lead to the conclusion that it would be easier at this time, without establishing such general criteria, to decide specifically on what routes there should be parallel operations. On all other routes the existing principle of division between the two countries without any paralleling of operations should be maintained.

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[94]Voir le document 298./See Document 298.
[95]Voir le document 285./See Document 285.

If parallel operations are to be permitted on any routes the number of daily frequencies to be allotted to each operator should be established by consultation between the operators concerned and no increases in these frequencies should be permitted without the consent of both operators or both governments.

Coming to the specific trans-border routes in which Canada is interested, they would appear to be:

(a) Toronto to Chicago
(b) Montreal to New York (if parallel operations should be agreed upon)
(c) Vancouver to San Francisco
(d) Fairbanks to White Horse
(e) Winnipeg to Chicago

(This selection is based upon the assumption that Canada will also retain Toronto to New York).

In addition, if satisfactory arrangements can be made without requiring Canada to give up too much, it would seem desirable to clear up as part of the same overall bargain certain other points relating primarily to through international services. The points which occur to me in this connection are:

(a) Permission for T.C.A. to use the United States field at Stephenville, Nfld. as a regular stop.

(b) Rights across the United States for a Canadian service to the West Indies including commercial stop at New York.

(c) Possibly a commercial stop at San Francisco on a Trans-Pacific service.

(This would be dependent upon arrangements between the United States, Australia and New Zealand but at least the door might be kept open for Canada).

and

(d) traffic rights in Honolulu for a Vancouver and Honolulu route.

Yours very truly,

J. R. BALDWIN

**294.** DEA/9330-40

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Under-Secretary of State for External Affairs*

CONFIDENTIAL Washington, January 11, 1945

Dear Mr. Robertson:

Mr. Reid had lunch today with Mr. Welch Pogue, the Chairman of the Civil Aeronautics Board. The discussion for the most part turned on problems connected with the establishment of the provisional Civil Aviation Organization and on this we are reporting separately.[1] Mr. Pogue mentioned, however,

in passing, the discussions which are shortly to take place between Canada and the United States on cross-border services.

He said that ever since the middle of last summer, he had been thinking over the possibility of Canada and the United States appointing a joint air transport board which would, on questions relating to the cross-border services, have powers similar to those exercised in the United States by the Civil Aeronautics Board.

Thus, the joint Canada-U.S. air transport board would make rulings on rates, on the establishment of new services across the border, and on the increase of schedules on existing services.

Mr. Pogue is, I think, going to discuss this suggestion further with his colleagues.

Mr. Pogue agreed that it would no doubt be necessary for Canada and the United States in an agreement establishing such a board to set forth the criteria which the board should take into account in arriving at its decisions. It would also, he agreed, be desirable for the two governments to agree on an initial allocation of service between them. This would give the board a basis from which to start.

Mr. Pogue felt that Canada and the United States were perhaps the only two countries in the world in which it might be possible to establish a board of this character.

He had no hesitation in saying that an agreement constituting such a board would be approved of by the Senate without any difficulty.

It seems to me that the suggestion made by Mr. Pogue is one which is worthy of careful consideration by the Canadian government.[96]

Yours sincerely,

L. B. PEARSON

**295.** DEA/9330-40

*Le secrétaire adjoint du Cabinet au président, Trans Canada Airlines*

*Assistant Secretary to the Cabinet to President, Trans Canada Airlines*

SECRET Ottawa, January 20, 1945

Dear Mr. Symington:

Mr. Howe asked me yesterday afternoon to come down and see him about the conversations next week. The following notes are a record of the important points resulting from the conversation.

1. We did not deal with specific Canada-U.S. routes at any length, since that is to be taken up in New York with you next Wednesday.

2. As regards international through routes, Mr. Howe thought the only rights which Canada might ask for would be traffic rights in the Hawaiian Islands

[96]Voir le document 291./See Document 291.

and the use of the U.S. field at Stephenville, Newfoundland. He did not feel, however, that we should be in any hurry to advance a request for either of these routes during the conversations, until we saw how much the United States was going to ask for, since we could get on without the one at the moment, and the other (Honolulu) could be taken up later after Australia had dealt with the United States.

3. He thought the annual review proposed in the draft Exchange of Notes which I prepared[1] might be called a meeting of a joint Canada-U.S. Air Transport Panel, but he did not think that any specific principles, such as we were discussing in Chicago, should be set down at this time for such a Panel; rather it should be merely given power to review and modify Canada-U.S. air services.

He did not feel that it was necessary to include any clauses dealing with rate control, since the powers at present vested in the C.A.B. and the Air Transport Board, the "competitive" phrase in the T.C.A. Act and the general competitive nature of operations would automatically take care of this matter.

As regards services in the event of competitive operations, he felt that any regulation should be on the basis of total capacity and that the approach should be the granting of equal rights in this respect to both parties.

4. In respect of the date of coming into force of the arrangements, he felt that, while delay might be to our advantage, the normal procedures that would have to be followed in both countries, and particularly by the C.A.B. in the United States, would be entirely sufficient delay in themselves and, accordingly, we need not worry about delaying unduly the coming into force of the new arrangements. I must confess that I am not quite sure about this myself.

5. Since annual review is proposed, he was of the general opinion that we should attempt to keep allocation of services to a minimum during the present conversations, only putting in those routes which we might reasonably hope to put into operation in the relatively near future. It would then be possible, in a year's time, to add any further routes that were desired. This would be a good argument to use in keeping U.S. requests down to the minimum in the time being as well.

He also indicated a desire to take up with the United States the question of fare-paying traffic on U.S. military services.

I have revised the draft Exchange of Notes and Annex as a result of this conversation and am enclosing a copy of my revision for your information.[1]

Sincerely yours,

J. R. BALDWIN

**296.** DEA/9330-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-243 [Ottawa,] January 22, 1945

FOR ESCOTT REID FROM J.R. BALDWIN. Begins: In conversation with Mr. Howe on Friday he indicated the following items for New York discussions:

1. Canada-U.S. services
2. Carriage of fare-paying passengers by U.S.-A.T.C.[97]
3. Any follow-ups on Chicago permanent convention.[98]

Canada-U.S. air services are in his opinion the most important item. He is inclined to limit any Canadian requests in this field, not adding any traffic rights for through international services which we may want from the U.S., unless U.S. asks for these from Canada as well in the first instance. He has no strong feelings regarding formal establishment of a joint board but if one should be established will take the view regarding its terms of reference which I suggested in my last letter to you.[1]

Our attitude regarding fare-paying passengers will depend upon State Department reply to our query[99] and also position of our proposed overall agreement regarding military services.[100] I assume you will be well briefed on this.

As regards Chicago permanent convention idea would be to see whether any useful consideration could be given informally to future strategy but not to spend time over specific matters of principles. Ends.

**297.** DEA/9330-40

*Le premier secrétaire, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*First Secretary, Embassy in United States, to Under-Secretary of State for External Affairs*

PERSONAL AND SECRET Washington, January 29, 1945

Dear Mr. Robertson:

John Baldwin will no doubt be giving you a report on the aviation conversations which we had in New York last week. I shall not therefore in this

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[97]Air Transport Command.
[98]Voir Canada, *Recueil des traités*, 1944, N° 36.
See Canada, *Treaty Series*, 1944, No. 36.
[99]Non trouvé./Not located.
[100]Voir les documents 935-6./See Documents 935-6.

letter go over the whole field, but merely comment on some points which he may, perhaps, not stress in his report.

2. I am marking the letter personal and secret to indicate that it would, in my opinion, be unwise for the letter to be circulated outside the Department.

3. I enclose two copies of a memorandum of January 25[1] which sets forth the draft proposals which we put before the meeting on Friday morning, January 26.[1]

4. I also enclose two copies of the annex to the exchange of notes which is dated January 26.[1]

5. By comparing the two you will see that we failed to get the Winnipeg-Chicago run and, instead, took the Toronto-Cleveland run, and did not list among the United States routes the Minot-Regina and Spokane-Lethbridge runs.

6. The really important route which we got out of the New York conversations was the Toronto-Chicago route. The Port Arthur-Duluth route was put in our list to please Mr. Howe's constituents and it is not one which TCA wants to operate. The Victoria-Seattle route and the Whitehorse-Fairbanks route, which we secured, are not important at the moment but may, according to Mr. Symington, be important in the long run, since they can become part of the far western route from the United States to Alaska, and a route from the mid-west to Alaska.

7. Mr. Symington shares my disappointment that we did not secure from the United States the Winnipeg-Chicago run. This would have given us a route from Chicago to Alaska and ultimately to the Far East. It, along with the Chicago-Toronto run, would have given TCA an alternative trans-continential service by way of Chicago, with rights to pick up and put down traffic in Chicago.

8. There is, I think, little doubt that if we had been firm enough in our negotiations we could have got the Winnipeg-Chicago run by giving the United States the Toronto-Cleveland run and the Minot-Regina run. Had Mr. Howe not been in New York we could have pulled this off. He, however, for some reason, has never been keen on the Winnipeg-Chicago route and gave in to the United States on this without any demur.

9. We certainly ought to try to get it in the next conversations with the United States on the revision of the annex, and I would suggest that as soon as TCA is in a position to operate that route, we should propose to the United States the necessary revision of the annex.

10. There is one other change which, I think, should be made in the annex as soon as possible. It is now illegal for TCA to sell in Seattle a ticket to New York via TCA (Victoria, Toronto, New York). Similarly it is illegal for a United States airline company to sell in Vancouver a ticket to Montreal via a United States airline company (Seattle, New York, Montreal). Though this is illegal, it will, nevertheless, be done. TCA, for example, will have to have special tickets printed for sale in New York, one part of the ticket reading "New York-Toronto", and another part reading "Toronto-Seattle". It is in the interest of the consuming public that the sale of such tickets be legitimized. It is also in the interests of TCA and of the United States airline companies with which it competes, since it will keep them both up to scratch.

11. There would be some difficulty in drafting a clause to cover this, but the clause might read that while cabotage in general was prohibited, nevertheless a Canadian airline could carry passengers from one point in the United States to another point in the United States, provided that say 80 to 90 percent of the flight was over Canadian territory and vice versa.

12. Dr. Warner pressed hard in the discussions for some protection for the United States against a Canadian trans-atlantic airline draining traffic away from the United States middle west. Mr. Symington wisely pointed out that it was a peculiar reversal of the rules at Chicago to find the United States arguing against freedom and in favour of restriction, and that Lord Swinton would have been happy if he had been sitting in on the discussions. Dr. Warner himself was, I think, unhappy at having to put forward this argument and when we remained firm gave in quite easily. The only concession we made was that we would not run through planes from Cleveland or Chicago to points beyond the territorial limits of Canada. TCA will, however, be able to sell through tickets in Cleveland and Chicago to the United Kingdom via T.C.A., the passenger changing planes in Montreal.

13. Mr. Symington had some difficulty in persuading Mr. Howe to insist on our securing this right, but fortunately succeeded. Mr. Howe does not seem to be conscious of the fact that for 300 years we have tried to drain traffic by canoe, canal and train from the American middle west to Europe by way of the St. Lawrence.

14. The United States tried to get permission to take on in a United States airline in Montreal for Europe passengers who had come to Montreal on a United States airline, even though the United States trans-atlantic airline did not have the right to pick up and deposit passengers in Montreal. Mr. Symington, with some difficulty, was able to persuade Mr. Howe to resist this request.

Yours sincerely,

ESCOTT REID

**298.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET Ottawa, February 7, 1945

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INTERNATIONAL CIVIL AVIATION;
AGREEMENT WITH THE UNITED STATES

1. THE MINISTER OF MUNITIONS AND SUPPLY reported upon meetings held in New York on January 25th and 26th between Canadian and U.S. representatives regarding Canada-United States air services, and submitted and commented upon a draft exchange of notes between the two countries resulting from these meetings.

The draft, which was based upon standard clauses for bilateral agreements approved during the recent International Aviation Conference in Chicago, retained the principle of geographical division of routes between Canadian and U.S. lines.

Under the new arrangements, Canada would have the sole right to operate on the following routes into the United States:

Halifax to Boston,
Toronto to New York,
Toronto to Cleveland,
Toronto to Chicago,
Port Arthur to Duluth,
Victoria to Seattle, and
Whitehorse to Fairbanks.

The United States would have the sole right to operate on the following routes into Canada:

Boston to Moncton,
Boston to Montreal,
New York or Boston to Quebec,
New York to Montreal-Ottawa,
Buffalo to Toronto (two airlines),
Fargo to Winnipeg,
Great Falls to Lethbridge,
Seattle to Vancouver,
Seattle to Whitehorse, and
Fairbanks to Whitehorse.

In addition, both countries could provide air connections between Detroit and Windsor. Airlines of each country would be limited on any one flight to a single traffic stop in the territory of the other.

This ratio between U.S. and Canadian services which worked out at approximately two to one compared favourably with a previous ratio of about eight to one.

The agreement also provided for special consideration of border crossings between Canada and Alaska. In this connection, it was suggested that the Special Commissioner for Defence Projects in Northwest Canada be designated to examine the situation with a U.S. representative and submit recommendations.

Copies of the draft exchange of notes, together with an explanatory memorandum, had been circulated.

(Minister's memorandum and attached draft exchange of notes, January 29, 1945 — C.W.C. document 930).[1]

2. THE ASSOCIATE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS reported that officials of the Department of National Revenue had suggested the desirability of broadening the provisions of the agreement in the matter of customs duties and charges on fuel oil, spare parts, etc.

3. MR. HOWE pointed out that these articles followed the form of standard clauses agreed upon at Chicago.

The U.S. government might be reluctant, for that reason, to make any change. In any event, completion of the agreement should not be delayed. Alteration in the matter of customs could be taken up later on.

4. THE WAR COMMITTEE, after further discussion, agreed:

(a) that the draft exchange of notes be approved;

(b) that the modifications suggested by the Department of National Revenue in the matter of customs be included if immediately agreeable to the U.S. government; otherwise that these proposals be considered for inclusion in a supplementary agreement;[101]

(c) that the Special Commissioner for Defence Projects in Northwest Canada be authorized to act on behalf of the government of Canada in making joint recommendations from time to time on Canada-Alaska services as required under article X, clause (4).

. . .

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[101] L'accord, y inclus les modifications suggérées, fut incorporé dans un échange de notes le 17 février 1945. Voir Canada, *Recueil des traités*, 1945, N° 2.
The agreement, including the modifications suggested, was embodied in an exchange of notes on February 17, 1945. See Canada, *Treaty Series*, 1945, No. 2.

## PARTIE 3/PART 3
## SERVICES AUX BERMUDES ET DANS LES ANTILLES
## SERVICE TO BERMUDA AND THE CARIBBEAN

**299.** DEA/72-RT-40

*Mémorandum du secrétaire adjoint du Cabinet au premier secrétaire, ministère des Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet to First Secretary, Department of External Affairs*

SECRET Ottawa, December 28, 1944

Mr. Howe has indicated that he would like External Affairs to forward, through Dominions Office, a communication to the effect that Canada would like to enter into negotiations regarding a Canadian service to the West Indies, either directly with the West Indian governments concerned or through the Colonial Office or jointly.

The communication might, I think, refer to discussion of this route that took place first between Mr. Howe and Lord Beaverbrook in October, 1943,[102] and then to further discussion between Mr. Howe and Lord Swinton in Montreal this month.[103] My own feeling is that we should not attempt to argue the case for such a service in the communication to the U.K., but should reserve that for the later negotiations.

It was our understanding at the last meeting in Montreal that Lord Swinton was to take this up upon his return, so that when we made formal communication, it would be possible to give us a prompt reply, indicating what the next steps should be. I think the communication, however, should be so worded so that it would be impossible for the U.K. to come back with the suggestion that we wait for the first meeting of the Commonwealth Council next spring. Perhaps we might refer to our desire for prompt action and also to our desire to try out certain experimental flights during the winter. I suppose mention might also be made to the informal exploration we have already done in the area and to the equally informal approaches we have received from various West Indian representatives.

May I take it that you will prepare a draft communication?

J. R. BALDWIN

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[102]Voir le volume 9, les documents 645, 651./See Volume 9, Documents 645, 651.
[103]Voir le document 283./See Document 283.

**300.** DEA/72-RT-40

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 250 Ottawa, December 30, 1944

The Canadian Government would like to enter into discussions looking to the establishment at an early date of a Canadian air service between Canada and the West Indies. You will recall that this subject was discussed by Mr. Howe and Lord Beaverbrook in October 1943 and that the latter indicated that the United Kingdom Government would be agreeable to the institution of such a service. Further discussions took place between Mr. Howe and Lord Swinton in Montreal recently.

As you are aware we have received a number of informal approaches from interests in the West Indies which would like to see the establishment of such a service and Trans-Canada Air Lines have for their part made informal surveys of the situation. We should like to have discussions take place as soon as possible so that certain experimental flights could be made during the winter.

We should be glad to have your views as to the form which these discussions should take. Presumably they could be with representatives of West Indian Governments or with representatives of the United Kingdom Government or with both. Any of these methods would be agreeable to us provided it was expeditious. An alternative which we have considered is to wait until the first meeting of the Commonwealth Air Transport Council but we are anxious to avoid the delay which this would involve.

**301.** DEA/72-RT-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 2 London, January 6, 1945

CONFIDENTIAL. Your telegram No. 250 of December 30th, proposal for Canada-West Indies Air Service.

We suggest that discussions should be held between Canadian and United Kingdom officials, and for our part should be glad to have them in London.

2. If Canadian Government agree, we should also be glad to learn who would represent Canada and probable date of arrival. It would facilitate discussion if we could be informed beforehand of Canadian proposals. Reference to Colonial Governments concerned would be essential before an Agreement could be concluded, but it is not (repeat not) expected that this need involve undue

delay, and it is not (repeat not) proposed, therefore, to invite West Indian representatives to attend.

**302.** DEA/72-RT-40

*Le secrétaire d'État aux Affaires extérieures au Dominions Office*
*Secretary of State for External Affairs to Dominions Office*

TELEGRAM 13 Ottawa, January 20, 1945

CONFIDENTIAL

Your telegram No. 2 of January 6 regarding discussions for a proposed Canadian air service to the West Indies. In order to avoid if possible any further travel for the time being, which has in recent months consumed a great deal of the time of your and our aviation officials, we should like to suggest that in the initial stages at least this question be taken up through correspondence.

The Canadian proposal for an air service to the West Indies and the Caribbean area has developed naturally out of the policy laid down in the Commonwealth conversations held in London in October, 1943, and the Commonwealth discussions held in Montreal in October, 1944. It was agreed in London that each member of the Commonwealth, in establishing air services connecting various parts of the Commonwealth, should be responsible for those services directly adjacent to its own territory. During the same discussions, it was informally agreed between Lord Beaverbrook and Mr. Howe that the service from North America southward to the West Indies should be operated by Canada. Subsequently, during the Montreal discussions there was general acceptance of the principle that in the establishment of air services connecting various parts of the Commonwealth, parallel operations should be avoided except on those routes where traffic would be sufficiently heavy to justify the operation of more than one service.

An air service from Canada southward to the West Indies and the Caribbean area for a number of years is not likely to be heavily travelled. In fact, it probably would not pay its way for some years until traffic could be developed; certainly it could not be considered sufficiently active to justify parallel operations. The Canadian government, nevertheless, is prepared to undertake operation of this particular segment of the connecting services within the Commonwealth and hopes that the necessary permission may be granted for its establishment.

Final decision has not yet been taken on the exact route to be followed, on stopping places, or on such question as frequencies and rates. Tentative consideration has been given to a route from Eastern Canada to Bermuda, the Bahamas, Jamaica and Trinidad; to begin with, it would operate to the Bahamas, being extended to further points as rapidly as circumstances and preparations would permit. Ultimate action on these matters, however, can only be taken after a number of experimental flights have been flown. Consideration has also been given to the advisability of extending this service

from Trinidad to Brazil and we expect, in due course, to undertake negotiations with the Brazilian Government in this connection.

The Canadian government would be happy to have the operator of this service (Trans-Canada Air Lines or a subsidiary) enter into direct arrangements with any other British services which may touch, pass through, or operate within the West Indies or Caribbean area so that wherever possible traffic may be exchanged between the Canadian service and these other British services and other arrangements for cooperation may be made.

The Canadian government requests that permission be granted for a Canadian air service operating generally over the route suggested to set down and take up traffic at an airport in each of the following — Bermuda, the Bahamas, Jamaica and Trinidad, this right to apply not only to traffic originating in and destined to Canada but also traffic between the West Indian Islands mentioned. We hope that this permission may be granted at an early date since we are anxious to proceed with the experimental flights which are a necessary preliminary to the inauguration of regular service.

We assume that permission would be granted through an exchange of notes which would incorporate the standard clauses agreed upon in Chicago.[104]

**303.** DEA/72-RT-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 42 London, March 2, 1945

CONFIDENTIAL. Your telegram No. 13 of January 20th, proposed Canada-West Indies air service. Correct text, Begins:

We have carefully considered proposals put forward.

2. As Lord Swinton explained during second Montreal conversations, the discussion about the arrangements for operation of air services on route from Canada to West Indies, which took place in course of explanatory talks in London in October, 1943, was linked with other proposals for operation of Empire air routes which have not been put into effect in the form then contemplated. It was never in our minds that any company should have a monopoly and that would be out of keeping with policy which we have consistently advocated. Lord Beaverbrook confirms this view.

3. As pointed out in second paragraph of your telegram, United Kingdom delegation, in common with other Commonwealth delegations, expressed view during Montreal Conference that, in establishment of air services connecting various points of Commonwealth, parallel operations should be avoided except on routes where traffic would justify operation of more than one service. It was

[104]Voir Canada, *Recueil des traités*, 1944, N° 36.
See Canada, *Treaty Series*, 1944, No. 36.

for this reason that we advocated establishment of joint organisations such as that favoured by Australia, New Zealand and ourselves for operation of air services across Pacific. We should, therefore, be very ready, if Canadian Government so wish, to explore with Canadian authorities possibility of establishing a joint organisation in which Canadian, United Kingdom, West Indian, Bahamian and Bermudian interests would participate for operation of air services on Canada-West Indies route.

4. We have noted proposals in paragraphs 4 and 5 of your telegram as to route which you have in mind for service to follow, and we appreciate your offer that proposed Canadian service should fit in with the British air services which may touch, pass through or operate within West Indian area. We suggest that detailed examination of these practical points should be taken up when agreement in principle has been reached on the organisation for operating the service.

5. Your paragraph 6. It is settled policy to develop local company as chosen instrument for operation of inter-island services between British Colonies in Caribbean area. Since traffic offering is not at present sufficient to allow even one operator to make ends meet, we are obliged to reserve to B.W.I.A.[105] all cabotage traffic between British islands which are at present served or will shortly be served by it. For the time being, however, and subject to the views of Colonial Governments concerned, we for our part should not wish, if a joint organisation were established on basis outlined above, to reserve cabotage traffic as between islands not at present served by local services, though question would have to be further considered when local service was in a position to carry such traffic. There would be no (repeat no) objection on our part to carriage of "Fifth Freedom" traffic.

6. We should of grateful for views of Canadian Government on suggestion in paragraph 3 above. Ends.

**304.** DEA/72-RT-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 64 Ottawa, March 14, 1945

URGENT. Your telegram No. 42, March 2, proposed Canada-West Indies air service.

Your paragraph three. For reasons which we sought to make clear during the recent Montreal conversations and which relate directly to questions of techniques of operation, types of equipment and general responsibility, including adjustments of financial deficits, the Canadian government does not favour participation in joint operating organisations and the specific proposal

[105]British West Indies Airlines.

that a Canadian, United Kingdom, West Indian, Bahamian and Bermudian joint organisation be established for operation of a Canadian-West Indies service is unacceptable to us. We remain of the opinion that as far as Canada is concerned separate operation coordinated through the Commonwealth Air Transport Council and through direct arrangements between operating companies offers the best method of development.

Your paragraph two. We have re-examined the report on "All-British Air Routes" which was signed by Lord Beaverbrook and Mr. Howe on October 14, 1943,' and which was accepted during the 1943 conversations. The provision for a Commonwealth coordinating committee has already been made effective; and our approach to the question of operation of Commonwealth routes and the proposals we advanced for a Canadian-West Indies service are directly based upon the policy outlined in paragraphs two and three of that report. We are therefore at a loss to understand the reference in your telegram to other considerations arising out of the Commonwealth conversations in 1943 which have not been put into effect in the form then contemplated, and we would welcome clarification. As the development of our policy and our plans for international air services particularly in respect of connections between different parts of the Commonwealth have been based upon the policy outlined in 1943 we should be glad to know whether the United Kingdom considers this report agreed during the Commonwealth conversations in 1943 no longer operative and effective. Rejection of that policy at this stage would compel us to reconsider the whole situation.

The Canadian proposals for an air service to the West Indies are also related to our general position vis-à-vis the West Indies in which the trade agreement with Canada[106] and the subsidized Canadian steamship service have been important elements. The re-establishment and further development of those relations necessarily involves joint air and ship connection. To the best of our knowledge local services in the territory appear ready to welcome the proposed Canadian service and are anxious to work out arrangements with it for interchange of traffic. We had not considered that the Canadian service would be detrimental to the interests of any local services which might develop but would rather provide more traffic for such services. We would expect that the operations could be integrated and satisfactory arrangements worked out which would avoid any danger of detrimental competition.

We see no grounds for your suggestion that we are seeking a monopoly. Pan-American Air Lines now serves the points mentioned as stopping places in our application, and transports by far the larger portion of inter-island traffic in this area. Also, the United Kingdom holds rights to the route from New York to Bermuda, and can if it wishes establish a route direct from the United Kingdom to Bermuda. We hope it would not be the intention of the United Kingdom, under these circumstances, to refuse a similar right to a Canadian service which would fit in with the general plans for the development of

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[106] Voir Grande-Bretagne:/See Great Britain:
*British and Foreign State Papers*, Volume 123, Part 1. London, His Majesty's Stationery Office, 1931, pp. 578-88.

Commonwealth air services. The Canadian Government hopes that the United Kingdom government will not insist on withholding from Canada privileges which have been granted to other countries.

We feel, as was generally agreed in Montreal, that parallel competitive services on Commonwealth routes of doubtful economic potential would be destructive to the whole idea of a co-operative Commonwealth network. If the foregoing principles are agreed to, we see no difficulty however in working out details of specific integration with B.W.I.A. or any other local Commonwealth service, in order to avoid duplication and detrimental competition.

**305.** DEA/72-RT-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 636 Ottawa, March 15, 1945

SECRET. May I draw your attention to my telegram No. 64 of March 14th to the Secretary of State for Dominion Affairs on the subject of a proposed Canada-West Indies Air Service?

I assume these messages will be seen by the Foreign Office and the Colonial Office as well as by the Civil Air Ministry since the issues they raise go beyond the field of civil aviation.

As you will see we attach a good deal of importance to the matter from the point of view of general Commonwealth policy and would be sorry to see it dealt with in the United Kingdom on a purely departmental basis.

**306.** DEA/72-RT-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 814 London, March 19, 1945

Your telegram No. 636 of 15th March, Canada-West Indies air service.

I am assured messages referred to have been seen by Foreign Office and other interested offices and that the United Kingdom authorities appreciate the importance the Canadian authorities attach to this subject and their desire that it should not be dealt with purely departmentally.

**307.** DEA/72-RT-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 69 London, March 29, 1945

CONFIDENTIAL. Your telegram of March 14th, No. 64, proposed Canada-West Indies air service.

Difficulty which we felt over your telegram of January 20th, No. 13, was that it appeared to us to suggest that you had in mind that Canadian service should have monopoly on the route, and we are glad to learn from your telegram that there is no foundation for this view. We share your hope that institution of a Canadian air link between Canada and West Indies would strengthen the ties developed before the war by the trade and shipping connection. But we think that the Colonial Governments concerned would not view with favour a suggestion that they should forego prospect of participation in an air service on the route and we should not like to press them on the point. It was for this reason that we put forward suggestion of joint operating organisation which we are sorry to find you do not favour. But failing establishment of a joint operating organisation, we should like to have opportunity of discussing in further detail rights which should be granted on each side and when and how they should be exercised. We agree that any British service which it might be decided to operate on the route should be co-ordinated with any Canadian service. Given cooperative approach to problem and with aid of machinery of the Commonwealth Air Transport Council, we should not expect difficulty in reaching arrangements satisfactory to the Governments concerned in practical application of the Montreal conclusions which amplified and developed the earlier exploratory discussions in London in 1943.

2. With reference to your penultimate paragraph, there is, of course, no question of withholding from Canada rights granted to United States, though naturally any grant of rights should be subject to mutual agreement and to provisions of existing contracts. Position regarding B.W.I.A. was explained in paragraph 5 of my telegram of March 2nd, No. 42. Present position with United States company is that one contract with it has already reached end of initial term and has been renewed on yearly basis for duration of war. Others are due to expire in 1946 or 1947. Pre-war arrangements with United States company should not, therefore, necessarily be taken as basis of future policy.

3. We also wish to make clear that use of Kindley Field in Bermuda, or of any other airfields in leased bases, would necessitate discussions with United States Government in accordance with Bases Agreement of March 27th, 1941. To open this question with them now would raise delicate issues which we should prefer to postpone. Any plans for a Canadian service through Bermuda

or West Indian leased bases would, therefore, we think, be subject to decision to be reached as to handling of this aspect.

4. We feel that further progress would best be made in oral discussion and should, therefore, like to revert to our earlier suggestions for conversations in London. We think that these could usefully take place between officials, but we should like to have a fortnight's notice of the date which would be acceptable to you in order that we might consider further whether to arrange for representation of Colonial Governments concerned. We should also wish to await return of Minister for Civil Aviation from South Africa.

**308.** DEA/72-RT-40

*Mémorandum du secrétaire adjoint du Cabinet à l'adjoint spécial du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Secretary to the Cabinet to Special Assistant to Under-Secretary of State for External Affairs*

Ottawa, April 7, 1945

I have prepared the attached note largely in an attempt to clear my own mind on some of the problems related to air services across the North Atlantic and to the West Indies. I thought you might be interested.

J. R. BALDWIN.

[PIÈCE JOINTE/ENCLOSURE]

MÉMORANDUM

MEMORANDUM

*Canadian Air Services to Latin America and the United Kingdom*

The projected Canadian air services to the Caribbean and South America, and to the United Kingdom are the two major problems in the field of international air services with which Canada is now dealing; of these two the South American service may prove the more complicated.

The original plans for a Canadian service were based upon the Commonwealth conversations of 1943 when it was understood that a Canadian service from North America to that area would provide that particular Commonwealth link in the general chain of Commonwealth air services. The U.K. has however rejected this arrangement and has tried to press Canada into a joint operating company for the route or failing that, will seek rights for a parallel British service to run from the West Indies to Canada. Under these circumstances it is obviously desirable for Canada to consider and explore fully the possibility of developing alternative stopping places and sources of traffic in Latin America.

A tapping of the Brazilian market has always been contemplated and should prove fruitful. If no stop whatsoever in British West Indian territory were

made, Canada would have to rely upon rights in Cuba and possibly San Domingo, Curacao, Venezuela or Surinam. A further alternative or supplement to arrangements with the British West Indies would be a close tie-up with the Central American Company, T.A.C.A.

While the tone of the last U.K. wire was somewhat more moderate, I do not see in it any fundamental change in their earlier position; it is likely that if Canada asks for any traffic rights in Bermuda or the British West Indies, the U.K. will insist upon reciprocal rights in Canada for a British company. There is a possibility that if Canada fought the point vigorously, at the same time modifying its plans so that we made only one or at the most two stops in British territory that the British might be prepared to drop the demand for a reciprocal service. In this event, Canada might limit traffic stops to the Bahamas and Port of Spain; however, while we might not lose much by dropping a Jamaica stop we would lose by omission of Bermuda.

If by any chance it should be decided to give the British reciprocal rights for a service from the West Indies to Canada, then the only condition upon which this should be done should be a complete grant to Canada of all the traffic stops we wanted in the British islands (presumably 4 or 5) including the right to carry inter-island traffic, which the U.K. at present reserves as cabotage. Anything less would be a poor bargain; even under such conditions it is questionable whether the bargain would work out to our advantage.

Any such reciprocal arrangement would strengthen our case for developing non-British traffic in the area since a second British carrier would be tapping the British island traffic pool. Canada in consequence would need supplementary Latin American traffic.

Another problem arises from the British insistence upon applying (to all future bilateral agreements) the formula which they proposed unsuccessfully at Chicago. Sir Stafford Cripps has already stated in the British Parliament that the U.K. authorities intend to pursue this course. In the West Indies it would complicate arrangements considerably and if applied rigidly might result in uneconomic variations in schedules and capacity offered between the various islands and in difficulties in respect of definition of home traffic from the islands.

A further problem in the event of reciprocal services is the fact that Canada has not proposed to tap the U.S. traffic market. It might well be that the U.K. plans to develop a British service which would enter the U.S. market. If we granted reciprocal rights to such a British service the situation would be far from reciprocity or equity.

These circumstances indicate the desirability, regardless of the course we may follow with the U.K., of developing as much as possible in the way of traffic rights and agreements with Latin American nations in the Caribbean and Central American area. They will be valuable no matter what route we follow and may be an important card in our negotiations with the U.K.

Mr. Symington's visit to the Caribbean should prove helpful in this connection; if prospects are favourable for Canadian agreements with Latin

American countries and companies then it may be well to develop as far as possible a plan for Canadian service based on Latin American traffic without worrying for the time being about British West Indian traffic, rather than hinder our operation by letting a competitive U.K. service develop where there is neither the necessity nor the traffic for a competitive service.

Perhaps an effective immediate step would be to indicate to the U.K. our readiness to hold discussions at an early date in accordance with their suggestion. Discussions presumably should be deferred until after Mr. Symington's visit to Cuba; then if a senior representative can go to London so much the better; if not, a less satisfactory alternative might be to suggest to the U.K. that Sir Frederick Bowhill[107] bring out a party to negotiate on these matters.

If there are good prospects for agreements in Latin America, then Canada's tactics in the event of discussions with the U.K. might be to point out that we feel there should be one Commonwealth service from Canada to the Caribbean area but that two Commonwealth services running in competition would be uneconomic and unnecessary, in view of the keen competition that any in that area service must encounter from U.S., Netherlands and Latin American services. The U.K. could be informed that in these circumstances Canada proposed to operate a service to the Caribbean area and Brazil and had already undertaken arrangements with Latin American countries to make this possible; that Canada would be prepared to include a British West Indian stop or stops in this service but not upon terms which would seriously prejudice the economic operation of the Canadian line. This policy might bring results; certainly if the British West Indian islands were left without a connecting service to British North America in consequence of U.K. reluctance to accept the Canadian proposals then considerable pressure (from the islands) upon the U.K. might result.

It might be wise, when discussing the West Indian service, also to raise the question of a bilateral agreement with the U.K. covering North Atlantic services. Here again the starting point, which should be satisfactory from the Canadian point of view, would be a simple agreement based upon the standard clauses agreed in Chicago but providing also for rate control and for some equality of capacity. The rate control could easily be taken care of by extension of the arrangements now being worked out for fare-paying traffic on military services; in any case any modification of rates would probably have to come as a result of joint Canada-U.S.-U.K. consultation and action. The control of capacity could be accomplished by granting each the right to put on as many services as the other with some top ceiling for each, e.g., one round trip a day.

While this would be the simplest formula for agreement the U.K. may try to introduce her formula already mentioned and based upon 50% of home traffic. The difficulty here is that no satisfactory statistics exist which can be used

[107]Air Chief Marshal Sir Frederick Bowhill, général d'aviation commandant, Transport Command, Royal Air Force.
Air Chief Marshal Sir Frederick Bowhill, Air Officer Commanding, Transport Command, Royal Air Force.

since neither the prewar nor wartime travel offer satisfactory criteria. However it is unlikely that the U.K. formula would injure the Canadian position since there is probably more traffic originating in Canada for the U.K. than vice versa and we would benefit in the allotment of capacity.

This situation would be complicated however if the U.K. wished to extend its Canadian service to a U.S. terminal, adjusting its services to take into account U.K. traffic bound for the U.S. In such circumstances Canada should limit agreement with the U.K. to four freedoms in order to protect Canada-U.S. traffic (the fifth freedom from the U.K. would be of no use to us in any case until it is proposed to run the Canadian service from the U.K. on to Europe). Moreover, in any such situation, the U.K. would probably be running more services across the North Atlantic between the U.K. and the U.S. than home traffic between the U.K. and Canada justified and it would be necessary to place some limitation upon the number of U.K. traffic stops in Canada; this too would offer so many possibilities of confusion and complication that it would seem easier to adopt for at least an initial trial period a simpler formula by which a ceiling on services was placed, each country given equal rights under the ceiling and arrangements made for modification of the ceiling after consultation.

On the whole, there should be little reason, given equal availability of aircraft, and once economy and efficiency of operation have had a chance to take effect, to fear U.K. competition on the North Atlantic route. Accordingly, there may be something to be said for meeting the U.K. on as many points as possible with regard to the North Atlantic if in return the U.K. would be prepared to make concessions in respect of the Canadian service to the West Indies.

**309.** DEA/72-RT-40

*Le ministre des Munitions et des Approvisionnements au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Munitions and Supply to Under-Secretary of State for External Affairs*

CONFIDENTIAL [Ottawa,] April 28, 1945

Dear Mr. Robertson,

I have your letter of March 31st[1] enclosing Dominions Office confidential cable No. 69,[108] in the matter of the proposed West Indies air service.

Malcolm MacDonald was good enough to communicate with me on the supplementary instructions which he received in this connection. I regret to say that the supplementary instructions were such as to make the proposals contained in the Dominions Office communication wholly unacceptable. It is quite evident that the U.K. will demand for B.O.A.C. reciprocal rights for any

[108] Voir le document 309./See Document 309.

service that we undertake touching West Indies islands. Obviously, there is no basis in equity for such an arrangement.

Malcolm MacDonald has interested himself in the situation and I understand that Lord Cranborne has expressed the wish to discuss the matter, provided he is able to call at Ottawa on his return from San Francisco. Therefore, it would seem wise to take no action meanwhile.

Mr. Symington recently visited Cuba to attend a meeting of air transport operators, and while there, he explored the possibility of a reciprocal arrangement for an air transport service between Cuba and Canada. Obviously the Government of Cuba would welcome such an arrangement. I have no doubt that another Caribbean Government, possibly Dutch Guiana, will also be glad to make a similar arrangement. Thus it would be possible to work out our service to Brazil without touching the West Indies. I would be sorry to do this, but on the other hand, I cannot be a party to permitting the U.K. to compete with us on the Canada-Brazil service for the simple reason that we wish to serve the West Indies in passing. You will appreciate that the U.K. has no possible right to a route between Brazil and Canada.

I will be glad of your views, but in the meantime, I suggest that no answer be sent to Dominions Office cable No. 69.

Yours sincerely,

[C. D. HOWE]

**310.** C.D.H./Vol. 98

*Procès-verbal d'une réunion sur l'aviation civile*[109]

*Minutes of a Meeting on Civil Aviation*[109]

[Bermuda,] December 20, 1945

RECORD OF FOURTH MEETING HELD IN BELMONT HOTEL, BERMUDA, ON THURSDAY, 20TH DECEMBER, 1945.

*Present:—*

| *U.K. Delegation* | *Canadian Delegation* | *Representatives of the Bermuda Government* |
|---|---|---|
| Mr. W. C. G. Cribbett | Mr. C. D.Howe Captain | |
| J. R. McCrindle | Mr. H.J. Symington | Captain The Hon. Bayard Dill |
| Mr. L. J. Dunnett | Mr. J. R. Baldwin | The Hon. H. J. Tucker |
| Cdr. J. Drummond | Mr. A. D. McLean | Mr. N. H.P. Vesey |
| | Mr. R.A. McKay | |
| | Mr.B. Rawson | |

MR. CRIBBETT introduced the representatives of the Bermuda Airport Board to the Canadian Delegation, and outlined to them shortly, the subjects

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[109]Pour les conversations aux Bermudes voir aussi Canada, *Documents relatifs aux relations entre le Canada et Terre-Neuve*, Volume 1, les documents 1078-9, 1083, 1085, 1086-8.
On the conversations at Bermuda see also Canada, *Documents on Relations Between Canada and Newfoundland*, Volume 1, Documents 1078-9, 1083, 1085, 1086-8.

discussed in the course of the past three days, with particular reference to the arrangements for the operation of trans-Atlantic services between Canada and the United Kingdom, some of which might, on occasion, pass through Bermuda, when they would be forced to use that route owing to weather conditions though they would not be regularly scheduled to do so. The main purpose of the present meeting was to discuss the proposed Canadian service from Canada via Bermuda to the Caribbean and Brazil, with particular reference to rights for the service in Bermuda.

2. MR. HOWE outlined the Canadian proposals. He referred to the fact that Canada had historic connections with the Caribbean area and had spent large sums of money in building up a steamship service to those parts. The staging posts that would be used on the air service had now been finally settled, but the provisional intention was that the service should operate from Montreal via Bermuda to Nassau and thence probably via Jamaica to Trinidad, possibly British Guiana, Belem and Brazil. Bermuda and the islands in the Caribbean attracted a certain number of Canadian winter tourists but the traffic was very seasonal and the route was a thin one. T.C.A. proposed in due course to operate 40 seater aircraft on the route. Speaking from the operating point of view, MR. SYMINGTON said that a traffic study of the route indicated that if all the passengers leaving Canadian ports by ship for Bermuda and the West Indies prior to the War, were diverted to the air, not more than one trip a week would be justified with the type of equipment T.C.A. had it in mind to operate. No air line undertaking could hope to be economic at such a frequency, particularly in view of the heavy overhead that had to be carried. In these circumstances it was most desirable from the economic point of view, that the service should be allowed freedom to develop the route. The traffic on the route would have to be energetically built up if a heavy deficit was to be avoided. The United Kingdom was a long way away and the nearest British base for such a service was Canada. Continuing, he said that at the Montreal conversations it had been recognised that on thin traffic routes of this kind, it would not be good business to have competition with parallel air lines. Urgent requests had already been received from various quarters, e.g. Nassau and Trinidad, for a Canadian service to be started, and another request had very recently been received from Barbados.

3. Speaking on behalf of the Bermuda Delegation, MR. DILL said that they were glad to have the opportunity of discussing the whole question with the Canadian and United Kingdom Delegations. Bermuda had an overriding interest in the tourist trade and on these grounds they naturally welcomed the proposed service. They would wish to be satisfied, however, that any service provided was the kind of service they wanted to maintain tourist traffic with the island. Moreover, although it was extremely unlikely that they would themselves wish to operate or to arrange for the operation of a reciprocal service at any rate for some time, they felt that they must reserve the right to do so. The following is a summary of the main points made in the ensuing discussion:

(a) MR. CRIBBETT said that there was no difficulty about third and fourth freedom rights for the Canadian service in any of the British Colonies concerned. Moreover, the West Indian Colonies were perfectly prepared to concede fifth freedom rights, and he understood that this applied also in the case of Bermuda. The West Indian Colonies, however, did not feel able to grant cabotage rights as between the islands within the sphere of operations of B.W.I.A. B.W.I.A., which was the chosen instrument for the development of British air services in the Caribbean, was already operating at a deficit and any diversion of traffic would make its economic position still less satisfactory. It was most unlikely, however, that B.W.I.A. would operate, at any rate for some time, between Nassau and Bermuda, and accordingly there would be no objection so far as the United Kingdom was concerned, to the carriage of cabotage traffic on this sector of the route by the T.C.A. service. As regards the reference made by MR. SYMINGTON to the discussions at Montreal on the subject of parallel operations, the United Kingdom did not share the view he had espoused as to what had been agreed on that occasion. The opinion which the United Kingdom had expressed was that, while parallel operations were appropriate on routes where the traffic offering justified it, on routes where the traffic was thin the area for a joint operation became very strong. This was a very different solution, however, from the grant of a monopoly on the route to the operating company of one party. MR. TUCKER indicated that he, for his part, saw no objection to the carriage of cabotage traffic by T.C.A. between Bermuda and Nassau. In the past Bermuda had had little interest in connection with Nassau and the Caribbean, though her interest in these territories might develop if traffic expanded in tourists who spent some of their holidays in Jamaica and Nassau and the rest of their holidays in Bermuda.

(b) MR. TUCKER pointed out that it would be extremely difficult for the Bermuda Delegation to persuade the Legislative Assembly in Bermuda to forego Bermuda's right to operate reciprocally to Canada, even though it had no intention of exercising this right in the near future. Bermuda's connections with Canada were considerable. Apart from the tourist traffic, on the development of which the Bermuda Trade Development Board intended to spend a good deal of money, there were strong business connections with Canada. There were also social connections such as the education of children in Canada. It had also to be borne in mind that a company had already been incorporated in Bermuda, called Bermudian Airways. This company had not yet applied for any rights to operate and held no kind of a concession, but would certainly oppose any proposal that Bermuda should forego its reciprocal rights. Further, it would be very difficult to persuade the Bermudian Legislative Assembly that Bermuda should forego her rights (if and when she wished to operate reciprocally to Canada,) to place a management contract with some British air line to operate the service for her. If T.C.A. wished to have a monopoly it was essential that this should be for a limited period only, and that the period should be as short as possible. Three years would be very much preferable from Bermuda's point of view, to five. Further, it would be

necessary for Bermuda to have some assurance that T.C.A. gave her a reasonable service and provided adequate capacity to meet the traffic offering.

(c) THE CANADIAN DELEGATION pointed out that the capital cost of getting the service going, would be very considerable, and that they must have reasonable protection for an adequate period in order to enable them to amortize at any rate part of the initial cost of the equipment if the service was to be an economic proposition at all. Moreover, the costs of building up the service and attracting traffic to it would be borne by Canada, and it was only fair that she should be reasonably protected while doing so. If it was not possible for her to come to appropriate arrangements for a service via Bermuda, the British islands in the West Indies, she would have no alternative but make other arrangements for the service. A further difficulty was that not only Bermuda, but all the British islands in the Caribbean might claim reciprocity, and the effect of this might be that there were five or six companies on the route competing for the very meagre traffic. This position would be quite absurd. In any case Canada would certainly not be likely to agree to the operation of a reciprocal service from Bermuda to Canada by a company substantially owned by American or Canadian nationals.

(d) MR. CRIBBETT suggested that there appeared to be two possible solutions. First a joint company might be formed in which, in addition to Canada, the Bermuda Government and the Governments of the British Caribbean Colonies could participate according to their interest in the service. The second possibility was that the Bermuda Government, while reserving their reciprocal rights, might give an undertaking that they would not exercise them for a definite period of, say, three years. As regards the first possibility, i.e. that a joint company would be formed, THE CANADIAN DELEGATION indicated that Canada's overseas services would be operated by self-contained corporations within the T.C.A. organisation. If the Bermudian or other British Colonial Governments concerned liked to take blocks of stock in the T.C.A. Corporation entrusted with the service from Canada to the West Indies, the Canadian authorities would welcome such participation. THE BERMUDIAN DELEGATION pointed out, however, that Bermuda had little or no interest, at any rate at present, in that part of the service which served territory South of Bermuda and that in these circumstances the offer to take stock in the T.C.A. Corporation was not one that would prove attractive to Bermuda. As regards the second possibility, i.e. that Bermuda would undertake not to exercise its reciprocal rights for a definite period of years, there was some discussion as to whether the period should be three years, four years, or five years. The Canadian Delegation pointed out that three years was altogether too short a period. The Bermudian Delegation, on the other hand, pointed out that they must bear in mind the effect on their forthcoming negotiations with the U.S.A. of any arrangement concluded now with the Canadians. If Bermuda undertook not to exercise its reciprocal rights in respect of Canada for a period of five years, they felt little doubt that the Americans would insist on obtaining a similar undertaking in respect of reciprocal rights in the U.S.A. After a further discussion it was agreed that Bermuda would undertake not to exercise its

reciprocal rights for a period of four years from the date of commencement of the service which shall be not later than January 1st 1947, on the understanding that the Canadian Government would provide a service adequate to cater for the traffic offering and that if it did not do so, the Bermudian Government would in the first instance make representations to the Canadian Government and if satisfaction was not obtained, thereby would be free to exercise its reciprocal right. The Bermudian Delegation indicated that para. 5(j) of the Annex to the United Kingdom draft pro forma Agreement† with a suitable addition to cover the above points, would be satisfactory from their point of view.

(e) As regards the British Colonies in the Caribbean areas, MR. CRIBBETT said that no difficulty arose about the grant of cabotage right to T.C.A. in respect of services between Bermuda and Nassau, Bermuda and Trinidad and Bermuda and Jamaica. On the question of reciprocal rights he would enquire of the Colonial Office and Colonial Governments whether they would be prepared to accept a solution on the lines of that agreed in the case of Bermuda.

(f) MR. SYMINGTON indicated that stop-over rights on through booking would be necessary to the economic operation of the route. MR. CRIBBETT suggested that it would be embarrassing for the U.K. to grant lengthy stop-overs. The U.S. were pressing for a long stop-over and this would have serious fifth freedom implication on American services through the U.K. MAJOR MCCRINDLE confirmed this view and said that B.O.A.C. were thinking in terms of a stop-over limitation of 24 hours.

It was ultimately agreed that this question would be explored by the United Kingdom Delegation on their return, and if any concessions could be agreed with the Colonial Governments, the matter should be dealt with by exchange of letters giving effect to practical application of the provisions of this Agreement. This would be a matter of consequential machinery and would not form an integral part of the Agreement to be lodged at P.I.C.A.O.

(g) The question was discussed whether, if Bermuda secured, (as she intended to secure), reciprocal rights to operate from Bermuda to the U.S.A., she would like to assign these rights to T.C.A. for a period, to exercise on her behalf. It was agreed that Canada would look into this question from the operational aspect, and that it would be further considered by all concerned when the Canadian views had been obtained.

(h) Finally, it was agreed that while in all the circumstances a bilateral Agreement governing the grant of rights to the proposed T.C.A. service from Canada through Bermuda to the West Indies could not be concluded in final form during the present conversations, the general form and substance of the Agreement should be settled as far as possible before the Delegations dispersed.

**311.** DEA/72-RT-40

*Mémorandum du bureau du Conseil privé*
*à l'adjoint spécial du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Privy Council Office*
*to Special Assistant to Under-Secretary of External Affairs*

Ottawa, December 26, 1945

CANADIAN AIR SERVICES TO THE WEST INDIAN AREA

I attach hereto original copy initialed by the Honourable C. D. Howe and Lord Winster,[110] of the summary of agreement reached at Bermuda on proposed Canadian air service to Bermuda and the West Indies. Uninitialed copies are in the possession of Mr. Howe, Mr. Symington, the Air Transport Board and the Department of Transport.

I do not believe that any further action need to be taken in Ottawa on this subject at the moment, since the next step now lies with the United Kingdom who presumably will consult with the various British Colonial territories involved and in due course forward us a draft agreement for our consideration along the lines agreed in the attached memorandum of understanding.

J. R. BALDWIN

[PIÈCE JOINTE/ENCLOSURE]

*Résumé d'accord*

*Summary of Agreement*

Ottawa, December 21, 1945

BERMUDA CIVIL AVIATION CONVERSATIONS
SUMMARY OF CONVERSATIONS AND RECOMMENDATIONS

(December 20th, 1945)

The Canadian and United Kingdom Delegations met the representatives of the Government of Bermuda, (Captain The Hon. Bayard Dill, the Hon. H. J. Tucker, and Mr. N. H. P. Vesey) on December 20th, in order to discuss various aspects of the proposed Canadian air service from Canada via Bermuda to the British Colonies in the West Indies and points beyond.

2. The meeting took note:-

(i) Of the view of the Canadian Delegation that the potential traffic on the route would be very thin at any rate until such time as a successful service had been established and goodwill secured. In these circumstances and in view of the very high initial cost of purchasing equipment and of creating the necessary ground organisation at the various staging posts, the Canadian Government felt that it was absolutely essential that the proposed Trans Canadian Airlines

[110]Ministre de l'Aviation civile de Grande-Bretagne.
Minister of Civil Aviation of Great Britain.

[*sic*] service should be safeguarded from competition, at any rate for a period, so as to allow for the amortisation of the capital equipment. If adequate safeguards were not provided, it was very doubtful if the service could be justified at all.

(ii) Of the view expressed by the representatives of Bermuda that it would be impossible to justify to the satisfaction of the Legislative Assembly the complete abandonment of reciprocal rights. This did not mean that Bermuda necessarily had any intention of exercising such rights in the near future. It was in fact extremely unlikely that she would. Air transport was, however, in a very fluid state of development, and if developments in the near future substantially reduced the cost of air transport, the whole position might be radically altered. Accordingly the most that the Legislative Assembly could reasonably be asked to consider was that Bermuda, while reserving its rights to operate reciprocally to Canada, would agree not to exercise them for a period.

(iii) Of a statement by the United Kingdom Delegation to the effect that there was no difficulty over the grant to Canada of third and fourth freedom privileges in the British Colonial territories to which the proposed Trans Canadian Airlines service would operate, nor any difficulty over the grant in these territories of fifth freedom rights. Further, it was understood (and the Bermudian Government for its part confirmed) that there would be no objection to the grant of traffic rights between Bermuda and Nassau, Bermuda and Jamaica and Bermuda and Trinidad. The West Indian Governments were not, however, able to agree that cabotage rights should be enjoyed by Canada between British Colonies in the Caribbean which come within the sphere of operations of British West Indian Airways.

(iv) The Canadian Government represented that the character of the tourist traffic throughout the territory makes it essential that liberal stop-over privileges be granted. The United Kingdom Government sympathised with the proposal but stated it would be necessary to consult with the Colonial Governments as to the length of stop-overs to be allowed.

3. After discussion, the meeting agreed to recommend:

(i) That the Canadian Government should be granted third and fourth freedom rights for the proposed service from Montreal via Bermuda to the West Indies and onward in the British Colonial territories concerned.

(ii) That the Canadian Government should also be granted fifth freedom rights in these territories.

(iii) That the Canadian Government should be granted traffic rights as between Bermuda on the one hand, and Nassau, Jamaica and Trinidad on the other, but not between the British West Indian Colonies which came within the sphere of operations of the British West Indian Airways.

(iv) That as regards reciprocal rights for Bermuda to operate a service to Canada, these rights would be secured to Bermuda in accordance with normal practice but that Bermuda would give an undertaking that in view of the special circumstances to which the Canadian Government had drawn attention, she would not seek to exercise these rights for a period of four years from the date of the commencement of the service or from January 1st 1947 whichever shall be the earlier. It is understood as a condition of this assurance that if the Berumda Government is not satisfied that the service is adequate to cater for the traffic offering, then it shall have the right to make representations to the Canadian Government, and if satisfaction is not obtained, to exercise its reciprocal rights.

(v) As regards the British Colonial territories in the Caribbean area, the United Kingdom Delegation have undertaken to enquire of the Colonial Office whether they would be prepared to reach a similar agreement with the Canadian Government on the lines of that set out in sub para. (iv) above. If they are, a bilateral agreement would be concluded between the Government of Canada on the one hand, and the Government of the United Kingdom on the other, covering the grant of privileges in the various British Colonies concerned.

(vi) That if Bermuda secured (as she intended to secure), reciprocal rights to operate from Bermuda to the United States of America, the question of her assigning these rights to Trans Canadian Airlines to exercise on her behalf, should be further considered. The Canadian Delegation undertook that this question would be examined by Canada from the operational point of view and her views communicated to the Government of Bermuda and the United Kingdom.

(vii) The United Kingdom Government have undertaken to consult with the Colonial Governments as to the length of stop-overs which shall be granted and to immediately communicate to the Canadian Government their views on the subject so as to reach an agreement. This matter should be dealt with by exchange of letters giving effect to the practical application of the provisions of the agreement.

WE AGREE THAT THE ABOVE SUMMARY RECORDS THE CONCLUSIONS AND RECOMMENDATIONS REACHED AT OUR MEETING HELD ON DECEMBER 20TH, 1945.

[W.]

[C. D. H.]

DATED THIS TWENTY-FIRST DAY OF DECEMBER, 1945 AT BERMUDA

## PARTIE 4/PART 4
## CONSEIL DES TRANSPORTS AÉRIENS DU COMMONWEALTH
## COMMONWEALTH AIR TRANSPORT COUNCIL

**312.** DEA/72-MK-4-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3443 London, December 22, 1944

Reference air transport policy.

Arising out of the expected arrival in London of New Zealand, Australian and Indian representatives who participated in the discussions in Montreal,[111] a meeting took place today with Lord Swinton presiding. The Indian representative had not arrived. I had only 24 hours' notice of this meeting with no previous background and no instructions from you. The agenda indicated that most of the subjects of conversation were of special interest to the countries already referred to, but item 1 was as follows:

Commonwealth Air Transport Council.

(a) Designation of representatives of High Commissioners to assist Civil Aviation Department with secretarial duties.

(b) Approval of Governments to establishment, composition and functions of Council. Hudd attended this meeting in an observatory capacity.

2. With regard to the Commonwealth Air Transport Council proposal, Swinton explained that an announcement had already been made that the establishment of this body had been agreed to,[112] but added that it was desired to secure as soon as possible the formal agreement of Governments to the terms of reference set out in the various clauses of Document No. C.A.C. (D.E.C.) 5 Annex No. 11 dated December 9th, 1944,† as he proposes to make a statement in Parliament at an early date.[113] I should be grateful if you would instruct me on this point and also regarding the future activities in London of the Commonwealth Air Transport Council and the relation of this office thereto.

3. Please send me for reference as soon as possible documents covering the Montreal Commonwealth air conversations.[114]

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[111]Voir les documents 282-3./See Documents 282-3.

[112]Un communiqué de presse a été émis à Montréal le 29 octobre 1944 après les discussions au sein du Commonwealth sur l'aviation civile.
A press release had been issued at Montreal on October 29, 1944, after the Commonwealth discussions on Civil aviation.

[113]Le 16 janvier 1945. Grande-Bretagne,/January 16, 1945. Great Britain, House of Lords, *Debates*, 5th Series, Volume 134, Columns 581-2.

[114]Voir le document 283./See Document 283.

**313.** DEA/72-MK-4-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2961 London, December 28, 1944

Your telegram No. 3443 of December 22. Air Transport.

You should now have received the documents of the Montreal air conversations[†] held in December.

The Canadian Government has approved the establishment of the Commonwealth Air Transport Council as described in Document 5, Annex 2. With regard to its activities we regard it as a forum for discussion and exchange of views and do not believe that meetings need be held as often as quarterly, which was proposed by the United Kingdom. For the present at least we see no need for a large secretariat. You will have noted that it was agreed at Montreal that for the time being the Civil Aviation department in London would act as a focal point for Council business and that there was approval of the United Kingdom suggestion that failing the designation of officers from Commonwealth countries to assist the secretariat High Commissioners' Offices might detail officers to maintain liaison with the Secretariat. We do not intend to designate a full-time officer and believe that liaison maintained by a member of your staff will be adequate and need not consume a great deal of the time of that officer.

**314.** DEA/72-ADC-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR G. 70 London, June 2, 1945

IMMEDIATE. CONFIDENTIAL. My telegrams Circular G. 6 of January 30th[†] and Circular G. 47 of May 4th.[†] It has become necessary owing to general election in United Kingdom to reconsider the arrangements:

(a) For third Commonwealth and Empire Conference on radio for civil aviation, and

(b) First Commonwealth Air Transport Council meeting.

As it is desirable that dates for these Conferences should be conveniently related to Telecommunications Conference, which it is now proposed should commence on July 11th, it is suggested that Commonwealth Air Transport Council should meet on July 4th and that opening of C.E.R.C.A. Conference should be postponed until August 2nd.

2. Minister for Civil Aviation proposes to preside over initial meetings of both Conferences and he would also hope to attend any meetings at which Dominion Ministers are present.

3. We should be glad to know as soon as possible if above dates are convenient and who will represent your Government.

4. It is suggested that delegates to C.E.R.C.A. Conference should be available in this country on July 26th in order that week prior to opening of Conference could be devoted to visits to technical establishments where demonstrations of newly developed radio aids to civil aviation will be held and to informal study and discussion of the papers to be considered by Conference. It is felt that these preparatory visits and studies will facilitate and enhance value of work of Conference.

5. With regard to Commonwealth Air Transport Council meeting, the draft provisional agenda is contained in my immediately following telegram. Should be grateful for any suggested additions or amendments as soon as possible.

**315.** DEA/72-ADC-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR G. 71 London, June 2, 1945

IMMEDIATE. CONFIDENTIAL. My immediately preceding telegram. Following items are suggested for agenda, Begins:

1. Proceedings of Southern African Air Transport Conference.

2. Review of functions of Commonwealth Air Transport Council, consideration of paper to be presented by New Zealand on Commonwealth co-operation in research and development.

3. Composition and permanent location of C.A.T.C. Secretariat.

4. (a) Review of progress in development of Commonwealth air communications.

(b) Provision of meteorological and radio facilities along routes.

5. General developments in international civil aviation.

6. *Pro forma* bilateral agreement based on Resolution VIII of Chicago Final Act.[115]

7. Provisional international civil aviation organisation and draft technical annexes[116] to Chicago Convention Amendments proposed by Commonwealth countries.

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[115]Voir Canada, *Recueil des traités*, 1944, N° 36.
See Canada, *Treaty Series*, 1944, No. 36.
[116]Voir États-Unis,/See United States,
*Proceedings of the International Civil Aviation Conference*, Volume I, pp. 184-372.

8. Proceedings of meeting of Sub-Commissions of International Committee on Air Navigation held in Paris, April/May, 1945.

9. Progress of aircraft production programme.

10. Economic characteristics of British aircraft types.

11. Review of progress of C.E.R.C.A. Ends.

**316.** DEA/72-ABA-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1430 London, June 20, 1945

IMMEDIATE. SECRET. Dominions Office Circular telegram G. 70 of June 7.

My immediately preceding telegram† described our position re representation on the Commonwealth Telecommunications Conference.[117] The difficulties described there also prevent Mr. Howe's attending the Commonwealth Air Transport Council meeting on July 4. He expects to discuss situation with Lord Cranborne.

4. Will you therefore express to the Dominions Office our regret at Mr. Howe's inability to attend Council meeting?

3. Since high level representation has been requested, I would appreciate your acting as Canadian representative at the C.A.T.C. meeting and informing the Dominions Office to this effect.

4. Owing to the pressure of work in preparing for the first meeting of the Interim Council of the Provisional International Civil Aviation Organization in Montreal on August 15, for which Canada will shortly be issuing invitations, we regret it will not be possible to send any one to assist you at the C.A.T.C. meeting. We hope to forward you shortly specific instructions.

5. With reference to the CERCA Conference on August 2 please advise the Dominions Office that the Canadian representation will consist of W. A. Rush, Controller of Radio, Department of Transport, Head; and technical advisers, whose names we will furnish later. They expect to arrive in London in time to avail themselves of the invitation of the Dominions Office, contained in Circular G. 70, to visit technical establishments.

[117]Voir le document 794./See Document 794.

**317.** DEA/72-ADC-40

*Le secrétaire d'État par intérim aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1483 London, June 27, 1945

IMMEDIATE. SECRET. My telegram No. 1430 of June 20, representation on first Commonwealth Air Transport Council meeting July 4th.

We appreciate that we have placed you in a difficult position because of our inability to supply you with technical advisers. We accordingly suggest that in so far as possible you hold a watching brief and consult us on any proposals of importance put forward. Subject to the above, our position on the items suggested for the agenda in Circular telegram G. 71 of June 2nd from the Dominions Office is as follows:

*Item 1* — Proceedings of Southern Africa Air Transport Conference.

We were not directly interested in the Conference and it may well be that Item 1 will be nothing more than a report.

My immediately following telegram† contains the resolutions adopted at the Southern Africa Air Transport Conference. The following is our position on the 14 resolutions:

*Resolution 1* — No comment;

*Resolution 2* — While we see practical advantage for some Commonwealth countries in pooling representation on technical committees of the Interim Council, there is no advantage to Canada because the Council will operate here and we have technical men readily available;

*Resolution 3 to 11, inclusive* — No comment;

*Resolution 12* — We cannot agree to a proposal that any suggestions which the Commonwealth governments represented on C.A.T.C. may wish to make relating to the draft technical annexes, adopted at Chicago, be transmitted in the first instance to the C.A.T.C. We cannot, of course, object to the agreement reached in South Africa but we would oppose any attempt to expand it on a broader Commonwealth basis. We wish to retain freedom of action for Canada to communicate directly with the International Organization and to avoid the establishment of the principle that any Commonwealth matter must be discussed by the C.A.T.C. before a Commonwealth country presents it to the International Organization;

*Resolution 13* — See our comments under Item 6 of the agenda;

*Resolution 14* — See our comments under Item 2 of the agenda;

*Item 2* — Our main concern is that C.A.T.C. remain a consultative and advisory body for the convenience of and not the control of the Commonwealth countries. We would regret to see raised and could not subscribe to the principle of compulsory consultation.

We are keenly interested in co-operation in research and development and anxious to see the New Zealand proposals. However, proposals for research and development have already been put forward from many sources and an attempt should be made to avoid confusion and overlapping. The New Zealand proposals should be tied in with the existing proposals and with the plans already made.

*Item 3* — We have no strong views on the composition and location of the C.A.T.C. secretariat and are prepared to agree to the decision reached. Please do not, however, make any commitments to supply personnel without consulting us as we expect that the Interim Council will make heavy demands on us.

*Item 4(a)* — We don't know whether this item will cover more than a review of the progress made. Our position remains as it was at the Montreal Conference; namely, we are prepared to establish services on the North Atlantic and West Indian area but this depends on reaching agreement with the United Kingdom. For your own information we have opened discussions with the U.K. authorities on both these questions but find it difficult to make progress. Mr. Howe expects to talk to Lord Cranborne within the week and if any advance is made we will advise you.

On the Pacific, we will hold to the Montreal decision; namely, that if Australia and New Zealand can make satisfactory arrangements with the United States whereby we can share U.S. traffic, we are ready to discuss the establishment of a through Canadian service to parallel any other service which Australia or New Zealand may wish to set up, or alternatively we are ready to have our service meet theirs at a satisfactory half-way point.

*Item 4(b)* — We would be pleased to receive any suggestions put forward regarding meteorological facilities. On questions relating to radio facilities, Mr. Rush and his advisers will be arriving later in the month for the C.E.R.C.A. Conference and it is probable that these matters will be dealt with then in detail.

*Item 5* — We don't know what ground will be covered under the heading of "general developments in international civil aviation."

*Item 6* — On the question of *pro forma* bilateral agreement, we have strong views and they will probably be at variance with the views of most of the Commonwealth countries. We have been following the Chicago standard formula in our bilateral agreements and in our plans for agreements up to the present and we intend to continue to do so.

Lord Swinton at the Montreal Conference brought forward a supplementary proposal that our Commonwealth countries should apply a much more rigid formula for any bilateral agreements with any nation, based upon the formula for allocation of quotas which the U.K. unsuccessfully proposed at Chicago. We continue to hold the view that while it is desirable to have the Provisional International Civil Aviation Organization establish some such formula we feel it would be harmful for C.A.T.C. to do so. We ask you to direct your efforts to have this matter dealt with in P.I.C.A.O. and not in C.A.T.C.

*Item 7* — See our comments on resolution 12 of the Southern Africa Conference.

*Item 8* — No comment.

*Item 9* — No comment. Would welcome receiving full information. Our own plans for the DC-4 program[118] are unchanged.

*Items 10 and 11* — No comment.

**318.** DEA/72-ADC-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État par intérim aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Acting Secretary of State for External Affairs*

TELEGRAM 1804 London, June 27, 1945

Your telegram No. 1430 of June 20th, Commonwealth Air Transport Council meeting.

I have informed the United Kingdom authorities that you desire me to act as Canadian representative and I note that you will forward instructions. In the meantime, you will have been informed by Dominions Office telegram† of the postponement of the opening of this meeting until July 9th.

2. I am somewhat apprehensive regarding my qualifications as the Canadian representative without the presence of a technical adviser in view of my unfamiliarity with the December conversations in Montreal, as the result of which the C.A.T.C. was set up. In the circumstances, I regard it as a matter of urgency that you should reconsider sending someone to assist and advise me.

MASSEY

**319.** DEA/72-ADC-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1838 London, June 29, 1945

IMMEDIATE. SECRET. 1. Your telegram No. 1483, June 27th. Appreciate your difficulty but am disturbed at situation regarding our representation at forthcoming C.A.T.C. meeting.

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[118]La proposition du gouvernement du Canada d'acheter les avions DC-4 de fabrication canadienne; les avions furent connus subséquemment sous le nom de Canadair DC-4M North Stars. Voir Canada,
Proposed purchase by Canadian Government of Canadian manufactured DC-4 aircraft later known as Canadair DC-4M North Stars. See Canada,
L. Milberry, *The Canadian North Star*. Toronto, Canav Books, 1982

2. Suggestion that I should hold "watching brief" and consult you when necessary means that Canada's part in Conference will be essentially negative, except when necessity of cabled consultation with Ottawa might hold up proceedings. Conference was called in confident expectation that Canada would be full participant. Prospect now is that we shall fall far short of this and this I cannot think will be fair to ourselves or to other Governments concerned.

3. South Africa will be represented by a delegation of four, which includes the manager of the South African Airways and an experienced official recently appointed to deal with South African civil aviation matters in London. Australia will be represented by its Director General of Civil Aviation and two experts, one civil and one service.

4. As matters stand, our delegation will consist of myself with a member of my staff, who must be detached from heavy duties at Canada House for at least a fortnight, together with possibly an Air Force officer who also will know little, if anything, of the background of the Conference. Further perusal of the agenda confirms me in my view that it is of urgent importance that someone quite senior should be sent from Ottawa with the necessary technical knowledge and background information to give reality to our participation. Otherwise I feel sure that our part in the Conference will be most inadequate and will be embarrassing alike to Canadian Government and to individuals representing it.

MASSEY

**320.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1516 Ottawa, June 30, 1945

Your telegram No. 1804 of June 27, Commonwealth Air Transport Council meeting.

I regret that the circumstances referred to in my telegram No. 1430 of June 20th make it impossible for us to send a technical adviser. Mr. Howe has explained our predicament to Lord Cranborne.

**321.** DEA/72-ADC-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 1876 London, July 4, 1945

MOST IMMEDIATE. Your [Our] telegram No. 1804 of June 27th, Commonwealth Air Transport Council.

Air Marshal Johnson[119] is willing and able to accompany me to meetings of Commonwealth Air Transport Council next week as member Canadian Delegation, subject to approval his Headquarters in Ottawa. I request that I be authorised to use the Air Marshal's services in this way. He has considerable knowledge of civil aviation problems and his cooperation would be most helpful. I am informed that United Kingdom Delegation will include one or two senior officers of the R.A.F. I have obtained permission from R.C.A.F. Headquarters to use Group Captain Wyatt, Associate Secretary of Joint Staff Mission here, as Assistant, with Douglas Hicks of my staff as Secretary of Delegation. May I please have immediate reply.

**322.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1536 Ottawa, July 5, 1945

MOST IMMEDIATE. Your telegram No. 1876 of July 4, Commonwealth Air Transport Council.

The reasons for our inability to participate more fully in the C.A.T.C. meeting have been explained to Lord Cranborne and we are not expected to have technical representation.

While the services of Air Marshal Johnson would in other circumstances be most helpful, it is our opinion that a watching brief can best be held by you without naming other delegates.

It would undoubtedly be embarrassing to Air Marshal Johnson to have to keep silent for lack of authority on matters which he will be, and which he will be considered by others to be, technically qualified to speak. If Air Marshal

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[119]Maréchal de l'air G. O. Johnson, général d'aviation, commandant en chef, quartier général, CARC outre-mer.
Air Marshal G. O. Johnson, Air Officer Commanding in Chief, Headquarters, RCAF Overseas.

Johnson and Group Captain Wyatt will be good enough to accompany you to sessions as advisers by all means avail yourself of their services.

I note that Hicks will act as Secretary.

**323.** DEA/72-ADC-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1896 London, July 6, 1945

IMMEDIATE. Your telegrams No. 1483 and 1484[1] of June 27th, Commonwealth Air Transport Council meeting.

Would appreciate further guidance on following matters which appear likely to arise from Conference documents[1] received.

(1) Pooling of representation on Technical Committees of the Interim Council. While it will not be necessary for Canada to share representations on Technical Committees, can we state whether we would be willing to represent other Commonwealth countries if they so desire.

2. Trans-Pacific route. This may be discussed under following headings:

(1) The division of frequencies on the Pacific route as between the joint United Kingdom-Australia-New Zealand Organization, T.C.A. and the American airlines.

(2) The date when suitable equipment is likely to be available.

(3) The precise route to be followed and the availability of the necessary facilities.

(4) The form of organization of the joint undertaking and its relationship to other Pacific air services, e.g. T.E.A.[120]

(5) Estimates of cost. Will attempt to find out in advance whether New Zealand and Australia have achieved anything in negotiations with United States. At Commonwealth air meeting on December 22nd, Lord Knollys[121] states it was unlikely that the Canadian-built DC-4Ms would be produced and tested for operating much before the end of 1946. Can completion date be confirmed please.

3. P.I.C.A.O. and draft Technical Annexes to Chicago Convention. Your comments on resolution (12) of South African Conference are noted. I shall, therefore, avoid discussion of Canadian comments on Technical Annexes, but would be grateful if you could forward immediately 12 additional copies for distribution to interested members of the Council. I have only one copy in my office and three have been sent to the Dominions Office.

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[120] Tasman Empire Airways.
[121] Président./Chairman, British Overseas Airways Corporation.

**324.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1574 Ottawa, July 10, 1945

IMMEDIATE. Your telegram No. 1904, July 8th,[1] Commonwealth Air Transport Council, New Zealand submission on aeronautical research.

We believe there is much to be said for the principle of encouragement of aeronautical research and development and free exchange of information as advanced by New Zealand. We do not feel competent, however, on short notice to express a considered opinion upon the proposal for the establishment of a special fund for these purposes and, moreover, we wish to have the New Zealand proposals considered carefully by the various agencies in Ottawa which are concerned with aeronautical research and development.

Your wire has been referred to them for consideration but it is unlikely that comment will be available before the conclusion of the Commonwealth Air Transport Council meeting. We will, however, forward our views to any continuing secretariat which may be set up for the Council. Ends.

**325.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1585 Ottawa, July 11, 1945

IMMEDIATE. Your No. 1896, July 6th, Commonwealth Air Transport Council meeting.

Your paragraph 1, Canada would be quite willing to represent other Commonwealth countries on technical committees if so requested.

Your paragraph 2, sub-paragraph (1), division of frequencies must be subject to discussion in the light of arrangements with the United States, although provisionally we had thought of a fifty-fifty division between American airlines and Commonwealth airlines on traffic moving to South Pacific from the U.S. together with equivalent arrangement between Canadian service and any other Commonwealth service which may carry this particular traffic. This problem, however, cannot be carried forward very far until we know something of the arrangements with the United States as mentioned in your sub-paragraph (5).

Sub-paragraph (2). Canadian DC-4M equipment is likely to be available in the summer of 1946 and we hope will be ready for operation in the autumn of that year.

Your sub-paragraph (3). This matter must be left for negotiation after other details have been settled.

Sub-paragraph (4). We have nothing further to say at present, other than we envisage proceeding on the basis agreed at Montreal last year.[122]

Your paragraph 3, available extra copies have already been forwarded to you. Ends.

**326.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1591 Ottawa, July 12, 1945

IMMEDIATE. Following from Mr. Howe: We are considerably surprised and somewhat embarrassed by newspaper reports emanating from London, yesterday, which attribute to Lord Swinton a statement that revenues, expenses and aircraft are to be pooled on parallel airlines operated by British and Dominion companies on Empire routes and discussions to this effect are going forward at the Air Transport Council meeting.

The press statements also make specific mention of the North Atlantic route to be operated by Trans-Canada Airlines and B.O.A.C. as being under discussion in this connection.

We realize that this type of arrangement may be suitable for certain Commonwealth routes but as you know we have never considered them in any way applicable to the North Atlantic and it has always been our view that there was adequate opportunity on this route for parallel Canadian and British operations which would remain completely separate in every respect. We assume that you have made and will make known these views, if the occasion requires, in the Commonwealth Air Transport Council discussions, since we would be reluctant to have any misunderstanding on these points arise. We had not understood that the North Atlantic route was to be brought into the agenda or we would have communicated with you sooner. At the same time we hope that it will be possible for you to forestall any further comment to the press which may produce misunderstanding and misconceptions such as have been created by yesterday's story from London. Ends.

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[122]Voir les documents 282-3./See Documents 282-3.

**327.** DEA/72-ADC-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1959 London, July 13, 1945

Commonwealth Air Transport Council meeting. Discussion of trans-Pacific route.

1. Mr. McVey, Australia, stated that United States had initiated discussion, asking Australia and New Zealand to grant Five Freedom Rights to United States. Australia and New Zealand will refuse and will open negotiations for a bilateral agreement asking for equal rights proposed Commonwealth trans-Pacific partnership, and joint United Kingdom, Australian and New Zealand organization. Negotiations will be carried out in closest collaboration with all partners. Mr. McVey emphasized that whatever rights were granted United States in Australia, similar rights will be asked for whole partnership in the United States.

2. Estimated figures of traffic were presented from which it appeared that out of 7,000 passengers from North America to Australia per annum, 2,300 originated in Canada. From these it was not unreasonable that United States should claim 50% of frequencies.

3. Points 1 to 7 of Montreal Document No. CAC (December) 6 Annex No. 2' were generally approved in course of discussion. On point No. 5, pooling of receipts, Mr. McVey conceded that if one organization proved more efficient, that organization would be entitled to consideration and readjustment. On point No. 6, deficit on operations, you may want to watch development of principle which has been affirmed during this Conference, that when on a Commonwealth service one partner is not able to take up all the frequencies allotted to it, and asks the other partner to run such frequencies as it cannot fill, the first partner shall undertake to meet deficits on services he temporarily relinquishes.

4. Frequencies discussed were four services a fortnight by the partnership, presumably two by T.C.A., two by joint organization. New Zealand ask to have one of these four services terminating in Auckland per fortnight. This was considered operationally possible. There was some discussion on the provision of repair facilities. New Zealand wanted to see major repair facilities in New Zealand, but this was opposed as uneconomic. Main southern repair base would have to be in Australia. It was decided that the operators should state what services would be needed for most economic operation.

5. Stopping points to be used will probably be Sydney and Auckland, Noumea, Fiji, Canton, Honolulu, San Francisco, Vancouver.

6. Fifth Freedom Rights. Brigadier Falla, New Zealand, was most alarmed to learn that Mr. Sullivan of his Government had suggested to United States at

Chicago that New Zealand would be prepared to offer Fifth Freedom Rights to United States between New Zealand and Australia. The latter would be opposed to this as undermining the whole structure of T.E.A. It was assumed that T.C.A. would wish to carry traffic from Vancouver to San Francisco and that this would be essential to the scheme, but we could not very well ask for San Francisco to Honolulu traffic. Question of stopover privileges might arise here. On Australian-United Kingdom route, India has conceded 24 hour stopover or next through service to United Kingdom-Australian operators. You may want to consider position of person who wishes to break journey from Vancouver to Honolulu with 24 hour stopover in San Francisco. Passenger might then be considered to be traffic of American origin.

7. Pacific air mail. Mr. McVey stated that United States Military Air Transport had been carrying air mail to Australia from United States and were now offering to carry return mails. Australia is reluctant to accept this and hopes that R.A.F. Pacific Air Transport Service will carry Australian mail traffic. This is being discussed.

8. Committees are preparing reports today, Friday, and it is expected final plenary session will be held Saturday afternoon, although supplementary discussions may go on next week.

**328.** DEA/72-ADC-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1960 London, July 13, 1945

Your telegram No. 1591 of July 12th. Following for Mr. Howe, Begins: Regret misunderstanding arising from newspaper reports on C.A.T.C. discussions. Position with regard to North Atlantic is clearly understood here and there is no question of joint operation. Subject is not on agenda for C.A.T.C. meeting and has not been discussed apart from question of facilities required at probable stopping points on North Atlantic routes.

2. In reply to a question from a Canadian correspondent, Lord Swinton did remark that agreement with Canada was not so far advanced as that with other Commonwealth operators, although he anticipated no difficulty in obtaining a satisfactory arrangement, but perhaps he did not make it clear that a joint operation, as on all other Commonwealth routes, was not contemplated. I have asked him to make this clear at the next press conference to be held at the conclusion of the meeting. Ends.

**329.** DEA/72-ADC-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1984 London, July 14, 1945

Commonwealth A.T.C. meeting.

1. Meeting was concluded today with full plenary session. Following are main points of Committee reports adopted:

2. Committee No. 1. Research and Development.

(a) So far as aeronautical research is concerned, the functions of the Council as laid down in December meeting in Montreal are considered adequate. If Imperial Organization for Aeronautical Research is set up, as has been proposed to Commonwealth Governments, problems will be submitted by CATC to that body.

(b) Committee has also proposed setting up of a standing Committee for Air Navigation and Ground Organization (CANGO) to plan and integrate ground organization, airways systems, and navigation aids on Commonwealth routes. Committee will be similar to CERCA but with wider scope. It would not be executive, but would make recommendations to Government Departments of civil aviation concerned. It would be an interim organization for immediate Commonwealth problems and would probably be eventually superseded by PICAO Organization.

(c) CATC Secretariat. United Kingdom Ministry of Civil Aviation will continue to provide Secretariat but Dominion Governments are asked to consider seconding young officers to work in Council Secretariat, looking forward to creation of permanent Commonwealth body. Question of costs of permanent Secretariat will be discussed at later CATC meeting.

3. Committee No. 2. On Routes. Number of principles were recommended for operation of parallel services where these are agreed by Commonwealth Governments, similar to Southern African Conference principles. These will affect Canada only so far as trans-Pacific service is concerned. Full documents will be forwarded to you by next bag.[1] Trans-Pacific recommendations have already been outlined in my telegram No. 1959 of 13th July.

4. Committee No. 3 was a Technical Committee on provision of ground facilities. Main points covered were use of present military installations for civil air routes and co-ordination between sections along routes.

MASSEY

**330.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

DESPATCH 1263 Ottawa, August 2, 1945

Sir,

I refer to my telegram No. 1574 of July 10 on the subject of the New Zealand submission on aeronautical research and development to the Commonwealth Air Transport Council in which I undertook to forward to you, for the continuing Secretariat, the Canadian views. Since the Council did not adopt the New Zealand proposal, you may not consider it necessary to take any action. The National Research Council, the Royal Canadian Air Force and the Air Transport Board all disagreed with the New Zealand suggestion. They did not hold it was a proper function of the Commonwealth Air Transport Council to bring research and development within the ambit of the Council's authority since research and development for aviation are held to cover a much wider field than would properly be the Council's concern.

I have, etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**331.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1793 Ottawa, August 3, 1945

Your telegram No. 1959,[123] Commonwealth Air Transport Council Meeting. Discussion of trans-Pacific route.

Your paragraph one appears quite satisfactory. In the proposed partnership Canada would require the right to fly from Vancouver to San Francisco picking up passengers for Australia at the latter point.

2. Your paragraph two, we agree that the United States appears entitled to fifty per cent of frequencies, but believe that this formula should apply only on basis of traffic moving between the United States and South Pacific. Reference to the amount of traffic originating in Canada for South Pacific as compared with United States traffic is not relevant to division of frequencies between

[123]Document 327.

United States and Commonwealth services since it relates only to position of Commonwealth services themselves.

3. Your paragraph three, Canada will not press for pooling of receipts although experience may demonstrate this to be the most practical method of dealing with traffic. We do not, however, favour the pooling of deficits since we would prefer to be responsible for our own deficits alone. This whole matter must eventually be dealt with through an operator's agreement.

4. Your paragraph four, the suggested four services a fortnight; two to be provided by T.C.A., and two by the other Commonwealth organization, appears satisfactory. Canada would be prepared to do its share in regard to arrangements to have one of the four fortnightly services terminate in Auckland. Provision of repair facilities should be left to the operating companies to work out.

5. Your paragraph five, stopping points mentioned seem to be generally satisfactory provided facilities can be made available, and subject to reconsideration in the light of operational experience.

6. Your paragraph six, while we would be glad to obtain the right to discharge passengers from Vancouver at San Francisco we feel that this right could only be arranged through separate negotiations between Canada and the United States as part of the general Canada-United States arrangements for trans-border crossings. Accordingly we do not feel that it should be made a part of the general negotiations with the United States regarding the Pacific route. In respect of stopover rights we are disposed to take a liberal view in respect of such privileges, and we believe the United States takes a similar view.

7. Your paragraph seven, we have no comment to offer.

8. Will you please make the foregoing views available not only to the United Kingdom but also to Australia and New Zealand.

**332.** DEA/72-ADC-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

DESPATCH A. 339 [London,] August 17, 1945

Sir,

I have the honour to refer to my despatch No. A. 288 of the 19th July, concerning the conclusions and recommendations of the first meeting of the C.A.T.C. I would refer in particular to paragraph 4 of the despatch under reference which reported the setting up of a standing committee to be called a "Committee for Air Navigation and Ground Organisation."[124] The proposed

[124]Voir le document 329./See Document 329.

Terms of Reference of the committee were outlined in paragraphs 11 to 17 of the report of Committee No. 1, C.A.T.C. final papers, Conference document 29.†

2. I now enclose a copy of the minutes of a meeting held in London at the Ministry of Civil Aviation on July 26th,† which was in fact the first meeting of the new committee, C.A.N.G.O.† Opening the meeting Sir William Hildred outlined the reasons for CANGO's existence and its proposed functions which had been agreed by the C.A.T.C. meeting. Since I have not yet received any comment from you as to Canada's views in this matter, my representative at this meeting was unable to state whether in fact Canada had approved of the decision to set up such a committee.

3. I should be grateful, therefore, if you could inform me as to the view taken by the interested Canadian authorities of the proposed organisation. It was felt at the C.A.T.C. meeting that a Committee for Air Navigation and Ground Organisation would fulfil a very necessary function in the co-ordination of Commonwealth Civil Aviation services. The United Kingdom Civil Aviation authorities and the other Commonwealth members are naturally most anxious that Canada should take an active part in such a Commonwealth organisation.

4. If approval has been given, it will be necessary for several steps to be taken immediately to implement Canada's participation. It is proposed that each member of C.A.N.G.O. "should nominate a corresponding member who would normally be a senior officer of its Civil Aviation Department with experience of operational planning." The Secretariat of the C.A.T.C. should be informed as to the name of the corresponding member in Canada who would take an interest in the activities of C.A.N.G.O. It will also be necessary to appoint an officer in London to maintain contact with C.A.N.G.O. It would presumably be sufficient for the time being to appoint a member of the staff of this office to act as contact officer.

5. With reference to the attached minutes of the meeting of C.A.N.G.O., your comment is requested on the question raised in paragraphs 5 and 6. In forwarding the minutes for consideration the Secretary of the C.A.T.C. wrote as follows:

"These Minutes record in para. 6 the agreement of the meeting to a proposal that each member of the Commonwealth should prepare reports containing the information outlined in that and the preceding paragraph about facilities at the appropriate staging posts in their own territories and send these Reports to the Secretariat so that they can be integrated into a complete picture showing what facilities now exist, who controls them and what their future may be. The staging posts in question were those in Commonwealth and Empire countries shown in the list of routes prepared for the first C.A.T.C. Conference.† Those in Canadian territory include Vancouver and Montreal. May I suggest that October 1st be taken as the target date for the completion and despatch to the Secretariat of the relevant information.

Paragraph 10 of the Minutes records the discussion concerning future needs for Radio Communications along the Commonwealth routes. This was shown

to be a complex problem involving *inter alia* the question how many channels would be required for all forms of aeronautical services including Meteorology and Air Traffic Control. It was agreed, that as an approach to a solution, and in order to plan the most efficient use of such channels as might become available, each member country who was in a position to do so should prepare an estimate of future requirements for communications for all aeronautical purposes, indicating potential radio traffic by type and volume, and the extent to which existing installations might meet future requirements when wartime conditions no longer prevail.

The estimates of future radio requirements may take longer to prepare than the information concerning existing radio and other facilities to be provided as part of the fact finding reports mentioned in para. 2 above. When sending in the latter it would therefore be helpful if you could say whether you expect to be able to provide the additional information about future radio requirements and if so, when it is likely to be ready."

I have, etc.

FREDERIC HUDD

**333.** DEA/72-ADC-40

*Haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State of External Affairs.*

TELEGRAM 2352 London, August 18, 1945

Your telegram No. 1793 of August 3rd, discussion of trans-Pacific route in C.A.T.C. meeting.

1. Your comments on this discussion were passed to United Kingdom authorities through Director General of Civil Aviation. In reply, with reference to negotiations with United States, (paragraphs 1 and 6 of your telegram) Mr. Cribbett states "It is noted that the Government of Canada consider that it would be appropriate to negotiate their Third and Fourth Freedom rights at San Francisco independently of the general negotiations with the United States in respect of the Pacific route. It is not clear, however, whether the Canadian Government consider that such separate negotiation should also deal with Fifth Freedom rights at San Francisco, e.g. passengers conveyed by T.C.A. from San Francisco to Australia, or whether these rights should be dealt with in the general negotiations. If the Government of Canada agree, there would be definite advantages in dealing with Fifth Freedom privileges at San Francisco as part of the general negotiations since the Fifth Freedom will also be of concern to the other interested parties, as regards both the exercise of such rights by T.C.A. and also the reciprocal rights required by the joint organization in respect of the carriage of traffic between San Francisco and Vancouver."

2. From your telegram, our understanding is that you would agree to Fifth Freedom rights at San Francisco being dealt with in general negotiations, but would also like confirmation by cable before replying to Mr. Cribbett's letter.

3. Copy of letter including other comments[1] is being forwarded by airmail.

**334.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grand-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 1907 Ottawa, August 20, 1945

Your No. 2352 of August 18th. Trans-Pacific route.

In replying to U.K. authorities you can advise them that we agree that the traffic to be carried by the Canadian line from San Francisco to Australia should be a subject for discussion in the general negotiations. You will note that we have avoided calling this Fifth Freedom rights since doing so would open the question of Australia's rights to carry local traffic from San Francisco to Canada, on which we would prefer to reserve judgment for the time being.

**335.** DEA/72-ADC-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2385 London, August 21, 1945

Your telegram No. 1907 of August 20th Trans-Pacific route.

Since Mr. Cribbett definitely raised the question of "reciprocal rights required by the Joint Organization in respect of the carriage traffic between San Francisco and Vancouver," I feel that sense of the second sentence in your telegram should be conveyed to the United Kingdom authorities.

2. Would following phrasing in our reply be satisfactory: "The Canadian Government agrees that the traffic to be carried by the Canadian line from San Francisco to Australia should be made subject for discussion in the general negotiations.

They would, however, prefer to reserve judgment for the time being on the question of rights for all members of the Joint Organization in respect of the carriage of local traffic from San Francisco to Canada."

**336.** DEA/72-ADC-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 1947 Ottawa, August 24, 1945

Your telegram No. 2385 of August 21st.

Our earlier suggestion with reference to the carriage of traffic between Vancouver and San Francisco on T.C.A. was made because of the difficulty in separating that traffic from other cross-border traffic which was dealt with as part of the general Agreement with the United States.[125] However, you can now advise the United Kingdom that we agree that Fifth Freedom rights at San Francisco be part of the general negotiations with the United States. We would hope to discuss with other Commonwealth nations concerned the manner of dealing with the carriage of traffic between San Francisco and Vancouver.

**337.** DEA/72-ADX-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 1583 Ottawa, September 21, 1945

Sir,

I have the honour to refer to your despatch No. A. 339 of August 17th, 1945, regarding the establishment of a standing committee to be called a "Committee for Air Navigation and Ground Organization" (CANGO).

Canadian interest in CANGO is not great. Routes in Canada of interest to the Commonwealth happen to coincide with routes of far wider international importance. For our purposes we consider PICAO therefore more useful to us and we are anxious to do all possible to strengthen it. However, we do recognize that CANGO may serve a useful purpose for the other Commonwealth nations because of the many Commonwealth routes with which they are primarily concerned. For this reason we cannot object to participating in CANGO and to furnishing them with all the information needed. We are anxious, however, to limit our own participation as much as possible in practice to observing.

Your suggestion that Canada should be represented on this Committee (CANGO) by an official from the staff of our High Commissioner in London

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[125]Canada, *Recueil des traités*, 1945, N° 2.
Canada, *Treaty Series*, 1945, No. 2.

and that a corresponding member should be appointed in Canada, has been agreed upon. The Controller of Civil Aviation, Department of Transport, (A. D. McLean) has been designated as our "corresponding member" mentioned in Para. 13 of the committee's report (CATC doc. 29).[1]

Regarding the collection of factual data by CANGO respecting route facilities, action has already been initiated, following an interdepartmental meeting, to designate international routes and airports which can be made available for international services in Canada for the information of PICAO. We propose to furnish a copy of this paper[1] to CANGO when it is completed. Details regarding three of the airports which it is anticipated will be designated for international flying are given in the attached documents.[1] Goose has been included because it was built by and has been leased to Canada for defence purposes. The civil status of the airport is still a subject for further negotiation. Vancouver has been included as being of some interest in the operation of a Central Pacific service. Gander Airport has not been mentioned because Canadian control of that site may terminate shortly. I might mention that negotiations are presently under way to extend the runways at Vancouver and Dorval.

I have etc.

S. D. PIERCE
for the Secretary of State
for External Affairs

## PARTIE 5/PART 5
## OACI PROVISOIRE
## PROVISIONAL ICAO

**338.** DEA/72-AJH-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-885 Washington, February 17, 1945

CONFIDENTIAL. International Air transport. Relations between the Provisional International Civil Aviation Organization and the International Commission for Air Navigation in Paris.

1. Dr. Warner of the Civil Aeronautics Board telephoned Reid to make some informal enquiries this morning concerning the position of the Canadian Government on the meetings which have been called to take place in Paris from February 28 to March 25 of the Technical Sub-Committees of I.C.A.N.

According to Dr. Warner, the purpose of these meetings is to examine the technical Annexes agreed to at Chicago[126] and to revise them.

2. Dr. Warner believes that the general interest would be served if the revision done at Paris were kept to the bare inescapable minimum of such changes as are indispensible in order that the necessary rules may be provided for reestablishing whatever civil air traffic in the liberated areas of Europe can be reestablished during the next few months before the Annexes have been revised by the Provisional International Civil Aviation organization. He expressed the personal hope that the Canadian Government would also take this attitude to the meetings in Paris.

3. Apparently the Paris meetings will consider all of the technical Annexes drawn up at Chicago, whereas, in Dr. Warner's opinion, the only ones which it is necessary for them to consider are those on meteorology, communications and air traffic control, with the possible addition of those on airways systems and customs. It would, in his opinion, be futile for the Paris meetings to consider, for example, the airworthiness code since it is not likely that they will be building aircraft in Europe within the next few months.

4. Monsieur Roper,[127] in a recent report on the Chicago Conference which Dr. Warner has received, referred to consultations which he had after the Chicago Conference with the delegations of Canada, India, Great Britain and France, concerning the revision of these technical Annexes under the auspices of I.C.A.N.

5. The United States has been asked to send an observer to the I.C.A.N. meetings and they hope to be represented by someone from their Embassy in Paris. They may also send a technical member.

6. Dr. Warner, however, thinks that it would be inadvisable for some 25 of the 50 nations represented at Chicago to get together now to make more than the bare inescapable minimum of revision of the Annexes, seeing that the Provisional International Civil Aviation Organization will be established shortly and that the views of all the States represented at Chicago have been sought on the revision of the Annexes.

7. Dr. Warner asked if we had any objection to his writing a personal letter to Mr. McLean of the Department of Transport on this subject. He said that he would send us a copy. We said that we had no objection, and I assume that you will secure a copy of Dr. Warner's letter' from Mr. McLean.

8. We would appreciate an expression of your views for transmission to Dr. Warner.

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[126] États-Unis./United States,
*Proceedings of the International Aviation Conference*, Volume 1, pp. 184-372.

[127] Albert Roper, secrétaire général, Commission internationale de navigation aérienne.
Albert Roper, Secretary-General, International Commission for Air Navigation.

**339.** DEA/72-AJH-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-805 Ottawa, March 2, 1945

CONFIDENTIAL. Your WA-885, February 17th. Relations between Provisional International Civil Aviation Organization and the International Commission for Air Navigation.

We have taken this matter up with the Air Transport Board and the Department of Transport who do not entirely agree with Dr. Warner.

According to the last paragraph of Roper's report of December 31, 1944,† it appears that the purpose of the Paris meetings is to harmonize the texts of I.C.A.N. with the technical annexes agreed to at Chicago rather than to change the latter. It is implied that some attempt may be made at "perfecting" the work done at Chicago which would indicate a possibility of recommendations as to wording rather than sense.

The Canadian Government is not in a position to send technical experts, but proposes to name an observer, probably from the staff of the Canadian Embassy at Paris.

The meetings have now been postponed until April.

**340.** DEA/72-ADU-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État au Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

DESPATCH 581 Washington, March 6, 1945

CONFIDENTIAL.

Sir,

Under cover of my despatch No. 511 of February 27,† I sent to you the charts and memoranda dated February 24† prepared by Mr. Marlin of the Bureau of the Budget on problems relating to the establishment of the Provisional International Civil Aviation Organization.

2. I now enclose three copies of a memorandum dated March 5 which Mr. Reid has prepared commenting on the United States memoranda of February 24 and related problems.

3. I do not myself feel that I know enough about the functions of the Aviation Organization to express an opinion on whether the members of the Council should give their full time to their work on the Council. What Mr. Reid

envisages is that the states principally concerned in air transport would have full time members on the Council resident in Montreal, whereas the other members of the Council would not necessarily be full time. While a development of this kind would be desirable since it would tend to concentrate power in the hands of those members of the Council who had most to contribute to its discussions, it would also clearly raise a number of delicate problems and some thought would have to be given as to how these problems could most satisfactorily be met.

4. Regardless of whether the members of the Council, or some of them, are going to be full time, Mr. Reid tells me that it is generally agreed that the President of the Council should give full time to his post. This ought to diminish the danger of the Council being pushed off into a corner by the Secretariat since it will be in the President's own interests to share his responsibility with the Council as a whole.

5. I recognize the virtues of the simplicity of Mr. Marlin's approach to the relations between the Secretary-General and the President under which the authority would flow from the President through the Secretary-General to the members of the Secretariat. There are also obvious advantages in the scheme which Mr. Reid has put forward under which there should be a division of functions between the President and the Secretary-General, though the workability of any such scheme depends on the characteristics of the two men who are appointed to the posts. However, if there is to be a division of functions, as Mr. Reid suggests, I think that he has given about as wise a distribution as it is possible to give.

6. Various officers of the State Department and the Civil Aeronautics Board have expressed during the past few weeks their earnest hope that Mr. Symington will shortly find it possible to pay a visit to Washington and to discuss with them informally problems connected with the establishment of the Provisional Aviation Organization.

7. In order to save time, Mr. Reid is sending Mr. Symington direct a copy of the enclosed memorandum of March 5, together with a copy of this despatch.

I have etc..

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du premier secrétaire*

*Memorandum by First Secretary*

CONFIDENTIAL [Washington,] March 5, 1945

COMMENTS ON THE U.S. MEMORANDA OF FEBRUARY 24, 1945, AND RELATED PROBLEMS

The U.S. memoranda raise three main questions: the role of the Council; the nature of the membership of the Council, whether or not it ought or is likely to be composed in whole or in part of full-time members; the respective duties of

the President and the Secretary-General. Upon the answer to the third question depends the vital issue of who should be considered for the two posts.

I

*The role of the Council*

On the one hand the Council cannot be permitted to interfere with day-to-day administration. On the other hand it must be forced to bear responsibility for major decisions of policy. The Council represents national governments. The success or failure of the Aviation Organization depends on the policies to it and in it which are pursued by national governments. This must be made crystal clear to the public in the member states. If a Council is not consulted sufficiently by the Secretariat and if the Secretariat does not force the Council to take responsibility for major decisions, governments will talk as if the international organization had a policy of its own for which they are not responsible. This will make it easy for them to shuffle off onto the Organization responsibility for mistakes which it makes. A Secretariat which is convinced that it can make better decisions than the Council will play into the hands of such governments by not consulting the Council sufficiently. The jealousy and suspicion in Washington between the administrative departments and the Congress must not be transferred to the new international organizations. It is essential that the Council be an effective governing body. The rules and regulations of the Council and of the Secretariat should therefore be so framed that major decisions of policy are made the responsibility of the Council.

II

*The nature of the membership of the Council — full-time members or part-time members*

The U.S. memoranda appear to be based on the assumption that the Council will meet at infrequent intervals and will be composed of men who will give only part-time to the Council. The Council members, under this concept, might be diplomats in Ottawa or Washington or members of such bodies as the C.A.B. and the Canadian Air Transport Board.

It is contended that the advantage of this proposal is that it will make it easier to get on the Council first-rate men who could not be spared for a full-time job. Since these men will be senior officers in an agency of a national government dealing with civil aviation the task of coordinating the policy decided on by the Council with the policies of the various nations concerned will be facilitated.

One of the chief disadvantages of this proposal is that the members from the principal countries, just because they would be senior government officials, would be overburdened with their ordinary duties. They would not have time to give a sufficiently profound study to the major decisions of policy which the Council must make. Discussion at Council meetings would be hurried and would tend to be superficial. Of necessity, under such conditions, the views of

the Secretariat would usually prevail and there would be danger that the Council would tend to become a rubber stamp.

Another disadvantage arises from the very fact that a part-time Council member might be a senior official from some national agency concerned with air transport. The Council will be discussing the whole range of problems of civil aviation. The member of the Council may come from an agency which is concerned with only one aspect of the problem. The other agencies will be jealous of his trenching on their fields and cooperation between the International Organization and those national agencies will be made more difficult. From this point of view it would be better if the Council member stood apart from the agencies and did not maintain a post on any one of them.

It would clearly not be wise or desireable to insist on full-time members from each country represented on the Council. It would, however, be useful if the states principally concerned in air transport had full-time members resident in Montreal. The rules of the Council might be drawn so as to encourage this. They might, for example, provide that the Council could meet on, say, three days' notice.

## III

### *The respective duties of the President and the Secretary-General*

The U.S. memoranda appear to be based on the assumption that it is almost impossible to divide functions between the President and the Secretary-General; instead the one is made subordinate to the other. There is clearly a great advantage in having one single line of authority. The advantages of a wise division of functions between the President and the Secretary-General are, however, very great.

In the first place if the two posts are virtually equivalent in prestige it will be easier to get two first-class men.

Secondly the posts require different types of ability and it would be very difficult to find in a single man the qualities needed for both posts.

Thirdly the presumption is, from business experience, that it is desirable to divide the top responsibilities of an organization between a President and a Secretary-General. In many businesses the two posts are called Chairman of the Board and General Manager respectively, or the one officer is called the President and the other the Vice-President and General Manager.

A division of functions between President and Secretary-General will have to be clearly spelled out or otherwise confusion will result. The following division of functions is suggested.

*President*

The President is the elder statesman and the chief diplomat of the Organization. His primary job is to get the Council to work together as a team; to smooth out difficulties which may arise between members of the Council and between the governments they represent as well as between members of the

Council and the Secretariat; to remind the members of the Council unobtrusively and tactfully of the importance and extent of the task which they are called upon to perform as the governing body of the Aviation Organization — a task which calls for imagination, drive, and a quasi-judicial detachment. The President will be a "fixer", a pourer of oil on troubled waters. He should possess the good qualities of a successful ambassador and of a successful politician. Just as a good cabinet minister need not have, and probably ought not to have, detailed knowledge of the problems of his department, so a good President of the Aviation Council need not have detailed knowledge of the problems of international air transport.

The President, as the embodiment of the Council, can act as a buffer on political questions between individual members of the Council and individual members of the Secretariat and thus protect members of the Secretariat from undue national political pressure.

As the representative of the whole Council the main burden of representational duties (entertainment, public speeches) will fall on the President's shoulders. He will also, in his capacity as representative of the Council and as chief diplomat of the Organization, visit the governments of the member states from time to time to ease any political friction that may have developed over the work of the Organization.

The President will have a diplomatic adviser directly responsible to him. All the other officers, with the exception of the Legal Counsel, will be directly responsible to the Secretary-General and take their instructions from him. The Legal Counsel will be directly responsible to the Council as a whole.

*Secretary-General*

The duties of the Secretary-General are pretty clearly defined by the provisions of Article IV of the Interim Civil Aviation Agreement which reads as follows:

"The Secretary-General shall be the chief executive and administrative officer of the Organization. The Secretary-General shall be responsible to the Council as a whole and, following established policies of the Council, shall have full power and authority to carry out the duties assigned to him by the Council. The Secretary-General shall make periodic reports to the Council covering the progress of the Secretariat's activities. The Secretary-General shall appoint the staff of the Secretariat. He shall likewise appoint the secretariat and staff necessary to the functioning of the Assembly, of the Council, and of Committees or such working groups as are mentioned in the present Agreement or may be constituted pursuant thereto."

The Secretary-General's first job is to appoint a first-class staff. To do this he must be a good judge of men, he must know a great deal about the problems of international air transport and the men throughout the world who are expert in their particular fields, he must be able to resist pressure from the member states. After the initial appointments have been made, the main job of the Secretary-General will be to get the secretariat to work together as a team; to inspire them with enthusiasm for the work of the Organization; to create and

maintain a high esprit de corps; to see that efficiency is rewarded and inefficiency penalized. The Secretary-General need not be a good administrator in the narrow sense of the word — the Deputy Secretary-General can be given the responsibility for seeing that the wheels of the Organization run smoothly. The Secretary-General should, however, be a good administrator in the broad sense of the term in that he must have "common sense, courage, integrity and tact." He must know "when to be dynamic, to take the initiative and to force an issue; when, at the other extreme, to be content as a purely administrative official; and when, on a middle course, to be a moderator impartially smoothing over difficulties, a catalytic agent in negotiation." (The quotations are from "The International Secretariat of the Future," R.I.I.A., 1944.) The Secretary-General's knowledge of and interest in air transport should not be too specialized; he should not, for example, be interested and experienced only in the problems of air navigation (the work which CINA[128] did), but should also be interested and experienced in the economic problems of regulating international air transport — routes, rates, subsidies, etc..

The Secretary-General will be *ex officio* secretary of the Council and of all its committees and commissions. He will, on all these bodies, be the principal expert present; he will have with him briefs prepared by the Secretariat; it will be his duty to see that the members of the Council are provided, in advance of Council meetings, with adequate agenda, documents, etc. As the chief expert present he will take part in all discussions.

*The policy-making functions of the President and Secretary-General*

The President, as the impartial chairman of the Council, will have to be discreet in intervening in the discussions. The Secretary-General as the head of the Secretariat will also have to be discreet. Nevertheless, because of their prestige and their knowledge, their views on policy will carry more weight than those of any other members of the Council.

**341.** DEA/72-ADU-40

*Le bureau du Conseil privé*
*au premier secrétaire, l'ambassade aux États-Unis*

*Privy Council Office*
*to First Secretary, Embassy in United States*

Ottawa, March 9, 1945

Dear Escott [Reid],

I have gone over your note of March 5th in Mr. Pierce's letter of March 6th[1] dealing with the memoranda on the Rules of Procedure of the Interim Council and its Subcommittees.

I am in general agreement with the points made in your memoranda, but I am not sure that much is to be gained by an attempt to define carefully and in

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[128]Commission internationale de navigation aérienne.

detail the distinctive functions of the President and Secretary-General. The general suggestions you make would cover the appropriate role of each, but to set this down in rules and regulations would be difficult. I feel the matter will largely have to work itself out in practice; this, as far as I know, is usually the case in business institutions where the President and General Manager do not have their respective functions defined in great detail but work according to a very broad pattern and out of experience evolve a satisfactory working arrangement. I see no serious difficulty in making the Secretary-General subordinate to the President; I do not see any objection to the general assignment to each of the roles which you have suggested in your memoranda, but surely the definition of spheres can best be accomplished through preliminary conferences between the countries particularly concerned and with the two officials themselves when appointed.

The question of the extent of time to be given to the Organization by Council Members is much more important. Your own suggestion of a number of full-time members and a number of part-time members would probably work out in practice though it could never be set down in rules. I myself think it is much better and much safer for us to proceed, for the moment, on the assumption that all members will give full-time to the work of the Organization and to insist upon this in our preliminary discussions with the other chief countries. We might thus hope to get at least some full-time members from the more important countries, and it would not matter so much if other members did not devote the same attention to the work.

Sincerely yours,

JOHN R. BALDWIN

**342.** DEA/72-ADU-40

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Under-Secretary of State for External Affairs*

SECRET Washington, April 10, 1945

Dear Mr. Robertson:

I enclose three copies of a memorandum by Mr. Reid on discussions on air transport matters which have taken place during Mr. Symington's visit here yesterday and today. This was not typed until after Mr. Baldwin had left so I would be grateful if you could pass a copy of the memorandum on to him.

The visit of Mr. Symington and Mr. Baldwin to Washington has, I think, been extremely useful.

You will note from the memorandum that one of the points discussed here was the possibility of prodding the states which have signed but have not yet

accepted the Interim Aviation Agreement.[129] The United States is going to do something about this. It occurs to me that Canada might take upon itself to prod Australia, New Zealand and South Africa. If the British states accept the Interim Agreement we are in a somewhat better position when we ask the State Department to prod their Latin American friends.

Yours sincerely,

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du premier secrétaire*

*Memorandum by First Secretary*

[Washington,] April 10, 1945

MR. SYMINGTON'S VISIT TO WASHINGTON

1. *Establishment of the Provisional International Civil Aviation Organization in Montreal*

1. Mr. Symington, Mr. Baldwin and I had a session yesterday afternoon with the members of the Civil Aeronautics Board and with Stokeley Morgan of the State Department, Marlin of the Bureau of the Budget, Burden, Assistant Secretary of Commerce, Koch of the C.A.A.,[130] and one or two others.

2. Mr. Morgan agreed that the State Department would once more prod the governments which have not yet accepted the Interim Agreement. They will say that Canada was anxious to know as soon as possible the approximate date on which the Organization would be established since Canada was trying to secure office and living accommodation in Montreal. In order to help the Canadian authorities secure living accommodation, it would be desirable for the governments which were represented on the Council to let us know as soon as possible what type of living accommodation they would need for their Council member. Mr. Morgan said that he might also include in the message some statement based on recent declarations by the President to Congress of the necessity of under-pinning the San Francisco treaty with international agreements on aviation, trade, agriculture, etc., and that it would be helpful if before the San Francisco Conference ended the Interim Aviation Organization could get established.

3. Mr. Symington said that he would do what he could at the Air Transport Operators Conference at Cuba to get the operators to bring pressure on the governments to accept the Interim Agreement.

4. Mr. Marlin was asked, in consultation with Mr. Reid, to redraft the rules and regulations of the provisional Organization on the assumption that the Council was going to be composed of full-time members, there being general

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[129]Canada, *Recueil des traités*, 1944, N° 36.
Canada, *Treaty Series*, 1944, No. 36.

[130]Civil Aeronautics Administration.

agreement that such full-time membership was desirable at least at the beginning of the Interim Organization's activities.

5. In response to a request from Mr. Pogue,[131] Mr. Symington gave his own personal views on the way in which the seven senior posts in the Organization might be filled. His suggestions were:

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|---|---|
| President | — Warner, U.S.A. |
| Secretary-General | — Hildred, U.K. |
| Deputy Secretary-General | — (Unless it was necessary to give this post to a Mexican, it might be held open for a U.S.S.R. citizen.) |
| Assistant Secretary General in charge of the Air Transport Bureau | — An operator from the Netherlands. |
| Assistant Secretary General in charge of the Air Navigation Bureau | — Roper, France. |
| Legal Counsel | — Cooper, U.S.A. |
| Diplomatic Adviser | — da Silva, Brazil. |

6. There seemed to be general agreement with the main lines of this proposal.

7. It was agreed that it would be desirable if the United Kingdom and the United States now had direct discussions on the problems connected with the establishment of the provisional Organization. Mr. Baldwin said that when he returned to Ottawa he would speak to the Under-Secretary of State for External Affairs and suggest to him that he tell Mr. Malcolm MacDonald that we have been having discussions with United States officials on problems of personnel and organization and that we think it would be a good idea if the United Kingdom now had discussions with them and put forward its suggestions on how the six or seven senior posts might best be filled. When the United Kingdom then approached the United States, the United States would give them the revised editions of the chart and of the rules and regulations.

II. *Filling in of the gap in the permanent Convention*

8. Mr. Symington and I called on Mr. Clayton this morning at the State Department at 9:00 o'clock. Mr. Morgan was also present. The discussion lasted for about half an hour.

9. Mr. Symington urged that the United States and the United Kingdom should try to reach agreement on how to fill in the gaps in the permanent Convention; otherwise we would be in for a bad period of bilateral bargaining over "Freedoms Three, Four and Five." He said that it was a tragedy at Chicago that we were not able to close the very small gap between the United States and the United Kingdom. He suggested that the gap in the Convention should be filled by incorporating in the Convention the Five Freedoms Agreement, together with the chapters on tariffs and special treatment for certain United Nations, on which there was general agreement. There should also be included a chapter on traffic capacity. This was the chapter which had

[131]L. Welch Pogue, président, Commission de l'aéronautique civile.
L. Welch Pogue, Chairman, Civil Aeronautics Board.

proved the stumbling block at Chicago. Mr. Symington suggested that this chapter be pretty much the final Canadian proposal made at Chicago[132] with one substantial change, namely, that if a state considered that the formula set forth in the annex to this chapter was working out inequitably so far as it was concerned, it would have the right to have this referred to a committee composed of three members of the Council, one appointed by each of the two parties to the dispute and the third either by these two members or by the chairman of the Council.

10. Mr. Symington said that he did not want to take up this suggestion with the United Kingdom unless there was some hope of it being agreeable to the United States. His feeling was that it would be generally satisfactory to most of the members of the American delegation at Chicago and to the American airline operators. He realized that the difficulty would be the Senate.

11. Mr. Clayton did not dismiss the suggestion as impossible and said he wanted to have a chance to think about it a little more and to talk to Stokeley Morgan. He would then like to discuss the matter further with Mr. Symington when Mr. Symington was returning from the Cuba Conference, and he suggested that Mr. Symington and I have lunch with him on Friday, April 20.

12. After the meeting Mr. Symington asked me to pass on to Mr. Morgan the latest draft of our suggested new chapters' for the aviation Convention, leaving out any reference to the possibility of including a provision under which a member state (i.e., the U.S.S.R.) could contract out of the grant of all Five Freedoms.

**343.** DEA/72-ADU-40

*Le conseiller juridique à l'ambassadeur aux États-Unis*

*Legal Adviser to Ambassador in United States*

Ottawa, April 20, 1945

Dear Mr. Pearson:

I reply to your letter of April 10th on the subject of acceptances of the Interim Aviation Agreement.

We have, as you suggested in your last paragraph, spoken to the Australian, New Zealand and South African authorities. Mr. Howe has also spoken to the United Kingdom High Commissioner.

We learned from the Australian High Commissioner's Office that they understand Cabinet has approved the acceptance of the Interim Agreement. Their information is on a personal level and no official word has yet come through. It is expected at any time.

Yours sincerely,

J. E. READ

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[132]États-Unis,/United States,
*Proceedings of the International Civil Aviation Conference*, Volume 1, p. 610-4.

**344.** DEA/72-ADU-40

*Le conseiller spécial,*
*la délégation à la Conférence des Nations Unies,*
*au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Special Adviser, Delegation to United Nations Conference,*
*to Acting Under-Secretary of State for External Affairs*

CONFIDENTIAL San Francisco, May 2, 1945

Dear Sir:

In previous communications from the Canadian Embassy in Washington we have informed you of the informal discussions on international air transport problems which took place with the State Department during Mr. Symington's visit to Washington and we transmitted to you the draft of possible new chapters of the International Aviation Convention which we informally gave to Mr. Stokeley Morgan of the Aviation Division of the State Department.[1]

I received yesterday from Mr. Morgan the enclosed informal and confidential letter of April 26th.

Mr. Morgan reports that the interested departments and agencies of the United States Government in Washington doubt whether it would be possible to work out a complete and satisfactory agreement along the lines which Mr. Symington has in mind before the first meeting of the Interim Aviation Council. They therefore believe that we should not try to reach an agreement on these matters before the first meeting.

Mr. Morgan concludes by stating:

"I am not giving up hope of reaching some sort of an agreement, but I think it will have to be along different lines, either through bilateral agreements, which I have full faith can be worked out in time, or through the procedure originally contemplated, namely, that of an experimental period (which can only begin when operations have been resumed) and study and recommendations by the PICAO."

I assume that you will be letting Mr. Symington and Mr. Baldwin have copies of this correspondence.

Yours sincerely,

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du chef, la direction de l'aviation,*
*le département d'État des États-Unis*

*Memorandum by Chief, Aviation Division,*
*Department of State of United States*

CONFIDENTIAL Washington, April 26, 1945

Dear Escott [Reid]:

Following the pattern of the very informal talks which we had with Mr. Symington and yourself, it seems to me best to communicate the result of our deliberations in the same informal manner to Mr. Symington through your good self.

We have discussed the subject brought up by Mr. Symington in his talk with Mr. Clayton with the various interested parties in the different departments and agencies, and the consensus of opinion seems to be that it would be inopportune at this time to reopen the subjects which we had to postpone at Chicago.

In the first place, as you know, in resolution No. 10 of the Chicago Conference the matters on which it was not possible to reach agreement were referred to the Interim Council with instructions to give these matters continuing study and submit a report. In our tentative planning for the PICAO we contemplate a special committee of the Council to study these problems.

There is some feeling among our people that we should not try to reach an agreement on these matters, so to speak, behind the back of the Council and just before its first meeting, which I am now confident will take place soon. To do so might create resentment and a feeling that we are trying to make the Council's decisions in advance. If we could see the prospect of a complete and satisfactory agreement along the lines Mr. Symington has in mind, we might feel that the advantages to be derived therefrom would outweigh any possible feeling of irritation that might be caused and that the Council would in fact be glad to be shown the way to a solution. We doubt that such an agreement can be worked out before the Council meets.

As you know, the basic difference at Chicago was the insistence of our friends upon leaving important matters to the decision of the Council and our insistence that we could not accept this type of control. It will not be an easy matter to find a compromise ground here. Mr. Symington's suggestion that instead of accepting control by the full Council we agree to accept the decision of a specially selected tribunal of three is doubtless more workable as a practical measure, but is in essence the same thing, namely, regulation by an international body.

I am not giving up hope of reaching some sort of an agreement, but I think it will have to be along different lines, either through bilateral agreements, which I have full faith can be worked out in time, or through the procedure originally contemplated, namely, that of an experimental period (which can only begin when operations have been resumed) and study and recommendations by the PICAO.

I trust you are enjoying the San Francisco Conference, and I am sure it must be most interesting. With kindest regards.

Sincerely yours,

STOKELEY W. MORGAN

**345.** DEA/72-ADU-40

*Le secrétaire d'État par intérim aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1467 Ottawa, June 25, 1945

IMMEDIATE. Will you please convey the following invitation to the Government of the United Kingdom from the Canadian Government:

I have the honour to refer to the Interim Agreement on International Civil Aviation, concluded at the International Civil Aviation Conference in Chicago on December 7, 1944. Article I of this Agreement provides that the Provisional International Civil Aviation Organization established by the signatory States shall consist of an Interim Assembly and an Interim Council, and shall have its seat in Canada. It was further agreed at the Conference that the Canadian Government would summon the first meeting of the Interim Council.

2. The Government of Canada has been advised by the Government of the United States of America that the twenty-six acceptances required to bring the Agreement into force in accordance with the provisions of Article XVII thereof, and four other acceptances, had been received by the Department of State on June 6, 1945.

3. The Canadian Government has the honour to inform the Government of the United Kingdom that the first meeting of the Council will be held in Montreal on August 15, 1945, and is similarly informing the governments of all other States elected at the Conference to membership of the First Interim Council.

4. It will be appreciated if your Government will advise the Government of Canada as soon as possible of the name of your representative on the Council and the number of the personnel expected to attend, together with the anticipated date of their arrival in Montreal, so that reservations for accommodation can be made by the Canadian Government.

5. It has been suggested by several Council members that it might be advantageous to open informal discussions on the selection of senior personnel and on questions of administration and procedure a few days in advance of August 15th. If your Government is interested in participating in these informal discussions, it would be appreciated if your Government would advise the Government of Canada of your intention and of the exact date of the arrival of your representative, so that accommodation may be reserved.

**346.** DEA/72-AJH-40

*L'ambassadeur en France*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in France*
*to Secretary of State for External Affairs*

DESPATCH 873 Paris, July 2, 1945

Sir,

I have the honour to refer to my despatch No. 801 of June 23rd[1] forwarding a number of documents relating to the work of I.C.A.N. and particularly to the meetings of the Juridical sub-Commission held in Paris from June 12th to June 17th.

2. I enclose herewith copies of the following communications dated June 28th which have been forwarded by the Secretary General of I.C.A.N. (1) Note No. 848 from M. Roper requesting that Canada be represented at the 28th Session of I.C.A.N. which is to take place in London between August 21st and 25th, and (2) copy of a communication of the same date from M. Roper to Mr. Rae of this Embassy[1] inviting him to take part in these meetings. A Note prepared by M. Roper on the choice of place and date of the opening of the 28th session of the Commission is attached.[1]

3. In view of the fact that Mr. Rae has been following the work of I.C.A.N. in Paris, I think it would be useful for him to attend this session in London; but before a reply is forwarded to M. Roper I should be glad to have your views.

4. I am taking this opportunity of forwarding copies in French and English of a document entitled "Bulletin of Information" covering the period August and September — December 1944.[1]

I have etc.

GEORGES P. VANIER

[PIÈCE JOINTE/ENCLOSURE]

*Note du secrétaire générale,*
*la Commission internationale de navigation aérienne,*
*à l'ambassadeur en France*

*Note from Secretary-General,*
*International Commission on Aerial Navigation,*
*to Ambassador in France*

[Paris,] le 28 juin 1945

Monsieur l'Ambassadeur,

Le Canada étant partie à la Convention portant [sur la] réglementation de la navigation aérienne signée à Paris le 13 octobre 1919,[133] j'ai l'honneur de

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[133]Grande-Bretagne,/Great Britain,
*Treaty Series*, 1922, No. 2.

vous prier de bien vouloir envoyer un Représentant de votre Gouvernement à la Vingt-huitième Session de la Commission Internationale de Navigation Aérienne qui aura lieu à Londres.

La Session sera ouverte le mardi 21 août à 10 heures au Ministère de l'Aviation civile, Ariel House, Strand, et durera vraisemblablement jusqu'au samedi 25.

L'ORDRE DU JOUR-EXPOSÉ DES QUESTIONS de cette Session vous a été envoyé le 8 mai 1945.[1] Un Exposé détaillé des questions portées à cet ordre du jour est en préparation et sera distribué aussitôt que possible avant la Session.

Je me permets d'appeler votre attention sur le fait qu'un trop grand nombre d'abstentions pourrait empêcher la Commission de délibérer valablement par suite de l'impossibilité de réunir le quorum prévu pour certains votes par l'article 34 de la Convention: il suffirait en effet, que le tiers des Etats contractants omît de se faire représenter pour que le quorum exigé ne fût pas atteint.

La Commission serait alors amenée à se séparer sans délibérer et les Délégués présents auraient fait un déplacement inutile.

Or, l'obtention du quorum prévu est rendu cette année plus difficile par le fait qu'en raison de la situation internationale actuelle sept des trente-trois Etats représentés à la Commission ne pourront pas être touchés par ma convocation.

Un intérêt primordial s'attache donc à ce que votre Gouvernement soit représenté à cette Session.

Je vous prie d'agréer, Monsieur l'Ambassadeur, l'assurance de ma haute considération.

ALBERT ROPER

**347.** DEA/72-ADU-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1754 Ottawa, August 1, 1945

Addressed to Canadian representatives in the United Kingdom No. 1754, Australia No. 355, United States EX-2794, Mexico No. 142, Brazil No. 66, Chile No. 49, Peru No. 57, France No. 367, Belgium No. 94, Netherlands No. 68, China No. 157. To Government of India No. 63. To United Kingdom representatives in Colombia, Guatemala (for El Salvador), Egypt, Turkey and Iraq. (Czechoslovak and Norwegian representatives in Canada have been informed.)

Please inform the government to which you are accredited which is a member of the Council of the Provisional International Civil Aviation Organization, in the following sense:

Canadian authorities have prepared tentative agenda for Council meetings which will open on August 15. It will, of course, be for the Council to decide its own agenda when it meets but the suggestions contained in my immediately following telegram are put forward by the Canadian authorities in the hope that states members of the Council may find it helpful to have before them proposals of a fairly concrete nature.

It will be noted that Part I includes opening formalities, general discussion of the Organization's activities and election of officers while Part II deals with measures required to enable the Organization to function. Part III covers urgent technical questions which might then be considered and referred to sub-committees. It is anticipated that the discussions under Part III will be in general terms and will be concerned with initiating studies and planning the Council's work on these subjects. It can therefore be anticipated that full technical representation will not be required at the outset, and that states members of the Council will have ample opportunity to designate technical experts to the various sub-committees as the work of the Council takes shape.

**348.** DEA/72-ADU-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1755 Ottawa, August 1, 1945

Addressed to Canadian representatives in the United Kingdom No. 1755, Australia No. 356, United States EX-2795, Mexico No. 143, Brazil No. 67, Chile No. 50, Peru No. 58, France No. 368, Belgium No. 95, Netherlands No. 69, China No. 158. To Government of India No. 64. To United Kingdom representatives in Colombia, Guatemala (for El Salvador), Egypt, Turkey and Iraq. (Czechoslovak and Norwegian representatives in Canada have been informed.)

Reference my preceding telegram on agenda for Provisional International Civil Aviation Organization. Following is tentative agenda proposed:

PART I

(i) Opening address by the representative of the Government of Canada; replies on behalf of assembled states;

(ii) appointment of a temporary chairman;

(iii) review of general purposes of the Organization by the temporary chairman; consideration of the general organization and of the Council's relations to its committees; general discussion thereon;

(iv) consideration of proposed rules of procedure of the Interim Council;

(v) election of the president — acceptance;

(vi) appointment of secretary general;

(vii) election of other officers (1 or more vice-presidents);

(viii) designation of committees of the Council as may be required by the rules of procedure adopted;

PART II

(ix) submission of order of business, by the President, for approval;

(x) rules of procedure of technical committees and subcommittees;

(xi) general review of status of annexes considered at Chicago;

(xii) preparation of schedule of first group of subcommittee meetings;

(xiii) consideration of the general organization (establishment);

(xiv) personnel and financial regulations;

(xv) consideration of preliminary (first six months) budget; arrangements for temporary financing;

PART III

(xvi) problems of airway organization; and of promotion of uniformity of air navigation facilities, universal provision of landing areas, meteorological organization, and communications, at least to some minimum standard;

(xvii) plans for compilation of lists of airports and air navigation facilities available for use in international air navigation;

(xviii) arrangements for reception, registry, and publication of agreements relating to international air transport, as required under Article XIII of the Interim Agreement;

(xix) development of a general publication policy for PICAO;

(xx) resumption of studies on the development of multilateral agreement relating to commercial rights in international air transportation;

(xxi) planning of other special studies on air transport, including those relating to the organization and operation of international air services;

(xxii) consideration of proposals for amendments to the permanent Convention;

(xxiii) consideration of relations with CINA;[134]

(xxiv) consideration of relations with CITEJA;[135]

(xxv) consideration of relations with other international organizations;

(xxvi) consideration of need for regional organizations within the framework of PICAO to deal with problems peculiar to particular areas;

(xxvii) preparation of studies on unification of numbers and systems of dimensions in international air navigation;

(xxviii) consideration of procedure to be adopted by the Council for handling of

(a) arbitral proceedings; or

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[134]Commission internationale de navigation aérienne.

[135]Comité international technique d'experts juridiques aériens.

(b) complaints of excessive airport charges; or
(c) complaints of "action causing injustice or hardship" under the Transit Agreement or the Transport Agreement;

(xxix) consideration of the degree and nature of the assistance to be rendered by PICAO to the member states under the provisions of Article XI of the Interim Agreement.

**349.** DEA/72-AJH-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur en France*

*Secretary of State for External Affairs*
*to Ambassador in France*

TELEGRAM 382 Ottawa, August 4, 1945

Your despatch No. 873 of July 2. Canadian representation at session of International Commission for Air Navigation.

We agree that Rae should attend on behalf of Canada and Roper's invitation should be accepted. We do not wish to put forward any specific proposals and Rae's role will be mainly that of an observer. He should be guided, however, by the following general considerations and support whatever proposals seem most likely to attain our objectives.

It is the view of the Canadian Government and of other governments as well that the Provisional International Civil Aviation Organization which is a much more comprehensive body than ICAN (particularly because of United States membership) should undertake primary responsibility for problems of international civil aviation. It is therefore desirable that means be found to merge ICAN with PICAO as soon as may be feasible and that in the meantime ICAN should be prepared to adopt whatever recommendations on technical problems may be adopted by PICAO. It would obviously be unfortunate if two bodies were to recommend differing technical standards to member states. If the Chicago Convention is ratified by sufficient states and comes into force ICAN will be superseded by the new body and will cease to exist. During the interim period therefore ICAN should work as closely as possible with PICAO.

**350.** DEA/72-ADU-40

*Le ministre de la Reconstruction*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction*
*to Under-Secretary of State for External Affairs*

Ottawa, August 10, 1945

Dear Mr. Robertson:

With reference to a letter of August 3rd from Mr. R. M. Macdonnell to the Chairman of the Air Transport Board,[1] it is my opinion that Canada should be

represented in the strongest possible way on each of the Technical Committees to be appointed by P.I.C.A.O. to consider the Draft Technical Annexes evolved at Chicago. Canada, therefore, would not desire the senior technical advisers for the United Kingdom to act on behalf of the Canadian Government.

Canadian representation concerning Annex F — Log Book Requirements, and Annex H — Aircraft Registration and Identification Markings, will be at senior technical level, and Canada would be quite willing to act for the United Kingdom Government if it so wishes.

Yours sincerely,

C. D. HOWE

**351.** DEA/72-ADU-40

*Extrait du rapport du président par intérim, l'Organisation provisoire de l'aviation civile internationale, à l'adjoint spécial au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Report of Temporary Chairman, Provisional International Civil Aviation Organization, to Special Assistant to Under-Secretary of State for External Affairs*

Montreal, August 23, 1945

Dear Syd [Pierce],

The opening of PICAO started off well on the 15th with a speech by Mr. Howe followed by polite replies from some half-dozen representatives. With the usual pre-arrangement, I was made temporary chairman and made a dull speech, of which, I sent a copy[†] to Norman Robertson. The next day I did a brief review of some of the objectives having to do with the broad workings of the Organization (also sent to Norman Robertson)[†] in order to promote a general discussion. The incoming President, Dr. Warner, wanted to be sure that there was general agreement on our set-up and objectives before he accepted the presidency — hence this two-day interval under my chairmanship.

A number of delegates had arrived thinking that the Council would not spend a great deal of time on the job and that they would merely appear from time to time. Dr. Warner, Sir Frederick Bowhill, McComb from Australia, Van Hasselt from the Netherlands and a few others came with every intention of staying more or less permanently and making this their full-time job and the others were quickly persuaded with the possible exception of Mr. Bouché from France, who is more inclined to leave the job to the secretariat. He, however, only differed in degree and not in principle when the discussion concluded.

The Rules of Procedure were then adopted with a number of changes but none making a great difference in principle. Warner was then elected President and after his taking the chair, Dr. Roper was made Secretary-General and has since cabled his acceptance. The next day, Saturday, three vice-presidents were elected, mainly, on a regional distribution, as these are not important posts, and went to the Netherlands, China and Colombia, in that order.

We then broke up into committees on Organization, Personnel and Finance, I being on the last, but it and Personnel were ordinary business and, while important, were straight work rather than matters of persuasion, which the committee on Organization promised to be. I kept in touch with the activities of the other two committees and it seemed that a situation was arising in Organization which warranted our having someone present (any State may send a member) so I phoned Ferrier[136] and McLean[137] and the latter came down yesterday.

The situation, on which I felt we should lend support, had to do with what I thought could be interpreted as a power-play by France to remove functions from the President and put them under the Secretary-General, thus, M. Bouché hoped to take the Legal Counsel from the President, create a legal committee of equal status with that on Air Navigation and Air Transport and create a bureau under the Secretary-General equal to the Air Transport and Air Navigation Bureaus, calling it "Legal and Political." I objected to the first on workability, feeling that a legal committee was cumbersome, and if it goes through, I will agree only if its terms of reference are such that it will not be used except on specific requests of the Council. The legal and political bureau, I objected to on principle in divesting the Council and President of policy-making power and giving it to the Secretary-General, who, I consider, should be as stated in the Act, "executive and administrative." McLean, in the Organization Committee, stated this view and if it comes up again it will be in Council where I will be present. I think it will work out alright.

Today we are doing committee work and tomorrow we start reconsideration of more technical matters having already heard a review by the U.S.A. of various States' comments on the twelve Annexes. I have asked Ferrier to be present tomorrow; McLean says that he may come too.

. . .

As soon as my time is not taken up by the Council and Committees, I will come to Ottawa and talk with those concerned on the whole subject, but this may not be until after next week.

Kindest regards and I am looking forward to seeing you soon.

Yours sincerely,

[ANSON MCKIM]

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[136]Vice-maréchal de l'air A. Ferrier, membre, Commission du transport aérien.
Air Vice Marshal A. Ferrier, Member, Air Transport Board.

[137]A. D. McLean, contrôleur de l'aviation civile, ministère du Transport.
A. D. McLean, Controller of Civil Aviation, Department of Transport.

**352.** DEA/72-AJH-40

*Le chargé d'affaires, l'ambassade en France,*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in France,*
*to Secretary of State for External Affairs*

DESPATCH 1238 Paris, September 5, 1945

1. I have the honour to refer to your telegram No. 382 of August 4th and to report that Mr. S. F. Rae attended the Twenty-Eighth Session of the International Commission for Air Navigation held in London.

2. In view of the observations set forth in your telegram under reference, the technical character of the discussions in London, and the fact that M. Albert Roper left for Montreal immediately following the conclusion of the ICAN Conference, I do not think it necessary to send a detailed report of the proceedings at the present time. I am, however, enclosing copies in English and French of the statement issued to the Press at the conclusion of the Conference[139] which sets forth the main points under consideration.† The full text of the proceedings will be forwarded to you as soon as possible.†

3. On one of the points considered at the Twenty-eighth Session, the question of the amount of the contribution of the various Member States to the work of ICAN, a further communication, No. 1068 of August 31st, has been received from the Secretariat General in Paris.† I am enclosing a copy of this communication which points out that, following the decision taken at the conference in London, the contribution owing by the Canadian Government, to cover the period from 1940 the end of 1945, amounts to Two thousand three hundred and ten pounds sterling (£2,310.) payable in London. The question of the payment of the Canadian contribution has been taken up in previous correspondence with the Department.†

4. As Mr. Rae points out in paragraph 2 of his telegram sent from Canada House, as No. 3432 of August 25th,† general agreement was expressed, both publicly and privately by delegations of various States present at the Conference, that the organization of PICAO has superseded the ICAN and that the latter organization should continue to exist only until the new international organization, provisionally established at Montreal, begins to function. In this connection you will have noted both, the acceptance of the appointment of Secretary-General of PICAO for M. Roper, and the approval of a formula of denunciation intended to serve as a model for States when denouncing the ICAN Convention.

I have etc.

[G. L. MAGANN]

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[139]Le 25 août 1945, était la dernière journée de la conférence.
August 25, 1945 was the last day of the conference.

**353.** DEA/72-D-38

*Le sous-secrétaire d'État par intérim aux Affaires extérieures à l'ambassadeur en France*

*Acting Secretary of State for External Affairs to Ambassador in France*

No. 789 Ottawa, October 10, 1945

Sir,

I have the honour to refer to your airmail despatch No. 939 of July 10th[1] regarding the payment of the Canadian contributions to ICAN.

I should be grateful if you would inform Mr. Roper that it has been decided to authorize the payment of the Canadian subscription for 1940 to 1945 inclusive according to the scale suggested at the recent plenary session of ICAN.

The contribution owing for the year 1940, which according to this scale amounts to £450 (90,000 French francs), has been provided for in the present supplementary estimates and will be forwarded as soon as these estimates have received parliamentary approval. Payment of the later subscriptions will have to be held over until provision can be made for them in the next budget.

I have etc.

SYDNEY D. PIERCE
for Acting Secretary of State
for External Affairs.

# CHAPITRE IV/CHAPTER IV

# LES NATIONS UNIES
# THE UNITED NATIONS

## PARTIE 1/PART 1

## FORMATION DES NATIONS UNIES
## ORGANIZING THE UNITED NATIONS

### SECTION A

### ÉLABORATION ET EXAMEN DES PROPOSITIONS DE DUMBARTON OAKS
### DEVELOPMENT AND SCRUTINY OF THE DUMBARTON OAKS PROPOSALS

**354.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D-28 London, January 6, 1944

MOST SECRET. Addressed Canada, repeated Australia, New Zealand, South Africa. Following for the Prime Minister, Begins: Your telegram of December 19th, No. 199,[1] Moscow Declaration.[2] We are glad to learn that, as next step, you favour our proposal for preliminary exchange of views between parties to Moscow Declaration. Once progress has been made in this way it should be easier to see how best other United Nations could be brought into the picture. We shall, of course, welcome early exchange of views between Commonwealth Governments. Proposed meeting of Prime Ministers will provide opportunity for considering whole question including relation of any new scheme to League of Nations arrangements. In this connection we feel sure that you will share our views as to importance of United States participation in any new scheme. We think that in order to ensure this we should do everything we reasonably can to meet their views on procedure.

2. Since despatch of my telegram of December 14th, Circular D. 1102,[3] we have learnt that State Department communicated with Chinese Government in same sense as with Soviet Government and ourselves. We have not yet received State Departments' views on our proposal for exchange of views. Ends.

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[1]Voir le volume 9, document 748./See Volume 9, Document 748.
[2]Voir le volume 9, documents 247, 248./See Volume 9, Documents 247, 248.
[3]Voir le volume 9, document 747./See Volume 9, Document 747.

**355.** DEA/7-ABs

*Le haut commissaire en Grande-Bretagne*
*au sous-secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Under-Secretary of State for External Affairs*

London, January 24, 1944

My dear Mr. Robertson,

A week or so ago I took occasion to speak to Lord Cranborne about Canada's relation to plans at present under consideration for Europe in the post-war period. I pointed out that although such arrangements are largely in the hands of the three great powers concerned, Canada had a unique position among the remaining members of the United Nations and that she should have appropriate relationship to such post-war plans and the machinery created to give them effect. Lord Cranborne appeared to be much interested and asked me to send him a personal letter on the subject which he might show to the Foreign Secretary. This I did and I am sending you a copy enclosed.

Yours sincerely,

VINCENT MASSEY

[PIÈCE JOINTE/ENCLOSURE]

*Lettre au secrétaire aux Dominions*

*Letter to Dominions Secretary*

PERSONAL London, January 18, 1944

I was glad to have the opportunity of talking to you the other day about Canada's relation to the plans for post-war Europe which are now under consideration by the European Advisory Commission. We are, as I said, much interested in these arrangements and will, no doubt, wish to participate appropriately in whatever machinery is to be set up when the time comes. In what I said, I tried to explain Canada's attitude to the problem of post-war Europe.

It is recognised, of course, that the main burden and the heaviest responsibility in connection with this difficult task will rest on the three great Powers. Their share in the war effort and in relation to post-war problems makes this obvious. You will, however, I know, agree that the other United Nations should participate fully according to their various interests and capacities in any post-war international organisation. There are, it might be said, three groups among the United Nations. One of these is the British Dominions. Of these, Australia and New Zealand have been primarily concerned with the South Pacific area. South Africa's participation in the war has largely been on a continental basis. Canada, alone of the Dominions, has made her principal, in fact almost her entire contribution in the war itself, either in the European theatre or in direct relation to it. The war effort of the Occupied Countries is, in the nature of

things, limited, and that of the remaining members of the United Nations largely restricted to the provision of raw materials. Canada, therefore, has a unique place among the intermediate and smaller Powers engaged in the war. She comes fourth in the supply of raw materials and she will be a factor disproportionately large in relation to her population in the task of revictualling Europe. It can be said, I think, that Canada ranks next in importance after the three Great Powers in her contribution to the liberation and relief of Europe.

It is for these reasons, because of her function in a practical sense and with no thought at all of mere questions of status or prestige that it is to be hoped that full consideration will be given to Canada's position in the various plans for post-war international machinery which are now being evolved.

**356.** CH/Vol. 2103

*Le sous-secrétaire d'État adjoint aux Affaires extérieures au premier secrétaire, le haut commissariat en Grande-Bretagne*

*Assistant Under-Secretary of State for External Affairs to First Secretary, High Commission in Great Britain*

MOST SECRET Ottawa, March 6, 1944

Dear Mr. Ritchie,

You are already aware that the Working Committee on Post-Hostilities problems has been giving consideration to the paper produced by the Post-Hostilities Planning Sub-Committee in London on "The Military Aspect on any Post-War Security Organization."[1] I enclose a note prepared by the Working Committee making some comments on certain paragraphs of this paper. I leave to you the question whether this should be communicated to the Post-Hostilities Planning Sub-Committee as it stands. Their paper, I notice, has reached its final stage and has been printed for the War Cabinet.

There are several additional points concerning this paper which you might find an opportunity of employing. Our main criticisms are three-fold: first, the rejection of the possibility of establishing an international police force; secondly, the concentration on means of keeping Germany and Japan impotent in the military sense; and thirdly, the apparent assumption that if the three great powers — I omit China, as I feel that her inclusion in this paper is probably a matter of form — stick together, they can themselves ensure world security.

On the first point we are suggesting a modest scheme, to be worked in with the use of bases for world security purposes. It may be that such a scheme is not in fact contrary to the views of the London Sub-Committee. We have noted that in a later paper "European Allies — forces to be maintained in the Post-Hostilities Period" (P.H.P. (43) 17A),[1] the Sub-Committee has itself advocated a "United Nations Security Force" modelled on the multi-national units in the R.A.F.; they do not go into detail but it would seem that some members of the Committee at least are open to the sort of suggestion that we have made. We have also noted in the report of the Inter-Departmental

Committee on R[illegible]ation and Economic Security dated August 31st, 1943,[1] that it is sugge[illegible] (paras. 20, 37-40, 49-54, 136-142) that Germany, having been disarmed herself, should be required to contribute, as a form of reparations, to the cost of the armed forces of the Allies. If this plan were to be accepted it might provide, for a time at least, a convenient method of financing a small international police force such as we are proposing.

With regard to our second and third criticisms, the most serious test which could be put upon a new world security organization would be a drastic difference of opinion upon an important matter between two of the three largest powers. Such a test could only be met if it were possible to line up the secondary states, and even then it might well break the organization. I think that it may be put this way: the great powers must co-operate to create and work a world security organization, but unless they can carry with them at least most of the more important secondary states their efforts sooner or later will fail.

The appendix on Regional Security at the end of the paper is an interesting summary of the objections and advantages. I feel, however, that attention should tactfully be drawn to a phrase in Paragraph 1(c) "the foundations of British Commonwealth strategy." The use of this phrase seems to show that the Sub-Committee is thinking in terms of a fully integrated defence policy for the whole Commonwwealth, just as some of their proposals in the paper on security aspects of international civil aviation were based on a similar assumption. It is an assumption which may prove to be misleading.

I am enclosing enough copies of our note for you to transmit it to the representatives of the Navy, Army and Air Force who are associated with you in these matters.

Yours sincerely,

H. H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

DEA/7-CBs

*Mémorandum du comité de travail canadien sur les problèmes de l'après-guerre*

*Memorandum by Canadian Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] March 6, 1944

NOTE BY THE CANADIAN WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS ON P.H.P. PAPER (43) 24A (UNITED KINGDOM) OF FEBRUARY 23RD, 1944 ENTITLED "MILITARY ASPECT OF ANY POST-WAR SECURITY ORGANIZATION"

The Working Committee has studied this report with great interest. In it a great deal of material has been compressed into a remarkably small space. Such compression must involve omission both of supporting arguments and of important details. The Working Committee considers that the following points should be taken into account, even in a summary outline:

A. PARAS 9 & 10.

1. In paragraphs 9 and 10 the idea of an International Police Force is summarily dismissed on the ground that its effective operation "implies the existence of a world state." It is true that one cannot foresee the development of international organisation to a point at which an International Police Force could assume full military responsibility for the preservation of peace; this would involve the abolition of national forces greater than required for internal policing. On the other hand, might not a small beginning be made towards the creation of an International Force? It is not very far-fetched to argue that the Air Forces of the British Commonwealth are a not unhopeful indication of what might be accomplished in merging into an efficient combatant force an amalgam of different nationalities. There are to be found in them not only nationals of all parts of the British Commonwealth but also citizens of many foreign countries — Americans, Poles, Frenchmen, Czechs, Norwegians. Furthermore, the methods worked out for the training of these Forces are a promising example of international cooperation in finance and control.

2. It is suggested that further consideration should be given to the possibility of setting up a small International Force, as part of the world security organization, which would be charged with the performance of specific duties. Such a force would not at first be a combatant force equipped to suppress or deter aggression. It might initially be used in the defence and maintenance of bases held available for the use of the combined military forces of the United Nations operating under a world security organization.

3. It is not possible to be explicit until the plans for bases are further developed — a subject to which the P.H.P. Committee in London is giving attention. In the North Atlantic area an International Police Force might be charged with the maintenance and defence of bases at certain strategic points. These might be situated: (a) in small countries such as Iceland, Greenland and possibly Norway; (b) in ex-enemy territory, such as the Kiel Canal, the joint occupation of which is suggested in paragraph 19 of the paper under consideration, and (c) at certain points now leased to the United States, such as Argentia and Bermuda. At first the detachment of the International Police Force stationed at these bases might be composed of troops and air formations equipped for local defence and reconnaissance duties.

4. Such a plan would be an experiment which would not, if it failed, threaten world security. If it succeeded, the International Force could be expanded as time went on and habits of cooperation and methods of control were developed. A great deal has been learnt during the war about the technique of exercising commenced [command?] through inter-allied combined staffs. It might prove feasible to transfer to such an International Police Force some or all of the

military functions required in the later stages of the occupation of Germany — Stage 4 and perhaps part of stage 3 in the plan outlined in the United Kingdom Staff Report[1] on the Military Occupation of Germany.

B. PARAS 5 & 6.

1. Paragraph 5 would be improved by the addition of a further condition of success of the world organization, that this will also depend on the cooperation of France and important secondary states, such as the Netherlands, Canada, Australia, and Belgium.

2. In the same paragraph it is stated as a condition of success that the machinery should be of a kind to which Member States are already accustomed. This implies a tendency to reject experiments, even though these experiments have been tried successfully in war. We hope to develop some novel peacetime machinery of economic cooperation. Should we reject novel machinery of military cooperation?

3. In paragraph 6 the objects of the world organization are too narrowly defined. The whole plan is geared to machinery designed to keep Germany and Japan powerless. No one can tell from what direction will come the next threat to world peace. A world security organization should have as one of its objects the prevention or suppression of conflicts between smaller states.

4. Paragraph 5 (a) includes China as one of the powers whose wholehearted cooperation is necessary to ensure the success of the proposed world organization. While we must admit the political need for saving China's face, her inclusion is unrealistic in a paper dealing with the organization of power.

In view of the above opinions, the Working Committee considers that paragraphs 5 and 6 should be framed as follows:

5. The proposed world organization, whatever its form, is bound to fail unless: —

(a) The United Kingdom, the United States of America, and the U.S.S.R. continue to cooperate wholeheartedly in its support.

(b) The governments and peoples of those Powers at least retain the will to enforce peace.

(c) The organization secures and retains the cooperation of other states, especially France and the more important secondary states.

(d) The organization is simple and its objects are clear-cut.

6. The objects should be: —

(a) to disarm Germany and Japan and to keep them disarmed;

(b) to prevent them or any other aggressor from again upsetting the peace of the world;

(c) to prevent or suppress conflicts, arising from any cause, which threaten general security.

**357.** DEA/7-Vs

*Mémorandum de l'adjoint, le ministère des Affaires extérieures, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from Assistant, Department of External Affairs, to Assistant Under-Secretary of State for External Affairs*

SECRET [Ottawa,] March 25, 1944

I have read with great interest Mr. Wilgress's despatch No. 50 of February 16th[1] in which he comments on the conflict between reliance on balance of power and collective security in Europe. He suggests that Canada could "do much by continuing that active leadership of the small nations she is already assuming but probably the best opening for her to render service to the cause of collective security is through behind-the-scenes prodding in Washington."

This whole despatch, it seems to me, should encourage the P.H.P. Committees to continue even more energetically to place their views in London. I do not know how influential we are in Washington, but there is evidence that we can get somewhere by encouraging the believers in collective security within the United Kingdom Government. As Mr. Wilgress has point out, the United Kingdom — no matter how small she may be — can lead the world into collective security. Her reversion to reliance on the juggling of power seems to arise out of the funk induced by the thinking of Smuts and Halifax. In this mood the P.H.P. authorities suggest reliance on all-red air defence and British occupation of Bulgaria lest their Soviet allies get too near the Straits.

Canadian intervention should be peculiarly influential because we could make it clear that, although we are not willing to commit ourselves to narrow schemes for imperial defence, the United Kingdom can count on us as the firmest of allies if they want to take the plunge into a real system of collective security.

[J. W. HOLMES]

**358.** W.L.M.K./Vol. 370

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au Premier ministre*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] March 29, 1944

We have received, during the last three months, a number of telegrams from the Dominions Office dealing with their plans for developing the form of the world security organization forecast in the Moscow Declaration. They have now proposed an exchange of papers with the United States Government (telegrams D.401 and 402 of March 20th),[1] and they have already exchanged with Washington lists of headings for further discussion.

We have made no comment on this extremely important matter since our telegram to London No. 199 of December 19th,[4] in which we protested successfully against a suggestion from Washington that other United Nations should be invited to adhere to paragraph 4 of the Moscow Declaration. In that telegram we said "we favour your proposal for a preliminary exchange of views between the parties to the Moscow Declaration. It is certainly desirable that other United Nations should soon be brought into the picture." In the reply from London (telegram D.28 of January 6th), they said they would welcome an early exchange of views between the Commonwealth Governments. The question is included among the topics for discussion at the meeting of Prime Ministers.

I attach a short telegram, for your approval, which is intended to show that our interest in the preliminary exchange of views is lively and which may result in our getting some information that would be helpful in preparing for the meeting of Prime Ministers.

[HUME WRONG]

**359.** DEA/7-AQs

*Extrait du procès-verbal de la troisième réunion du comité consultatif sur les problèmes de l'après-guerre*

*Extract from Minutes of Third Meeting of Advisory Committee on Post-Hostilities Problems*

MOST SECRET [Ottawa,] March 31, 1944

PRESENT

N. A. Robertson, Under-Secretary of State for External Affairs (Chairman)
H. H. Wrong, Asst. Under-Secretary of State for Ext. Affairs,
Rear Admiral G. C. Jones, Chief of the Naval Staff,
Major General J. C. Murchie, Vice Chief of the General Staff
Air Vice Marshal E. W. Stedman, Dept. of National Defence (Air),
A. D. P. Heeney, Secretary to the Cabinet,
J. E. St. Laurent, Vice-Chairman of the National Harbours Board,
Lieut.-Col. E. W. T. Gill, Secretary, Chiefs of Staff Committee,
Commander D. K. MacTavish, Privy Council Office (Secretary),
John W. Holmes, Esq. Dept. of Ext. Affairs, (Asst. Secretary).

On the suggestion of the Chairman, the meeting agreed to take the Memorandum of March 2nd[1] from the Working Committee as read. Mr. Robertson explained that, with regard to the proposed studies recommended in the Memorandum,[5] it was felt that some considerations of this kind should be prepared in advance of the Prime Ministers' Conference. The meeting agreed that it was desirable not to have to make hasty decisions on these subjects and it was advisable, therefore, to begin study as soon as possible, in view of the fact that problems connected with these subjects might arise at any time.

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[4]Voir le volume 9, document 748./See Volume 9, Document 748.
[5]Voir le document 2./See Document 2.

The meeting proceeded to consider the suggested topics on page two of the Memorandum. Mr. Wrong said that general conclusions, or at least a summary of arguments on topic (i) would be necessary as a first step. Although the Canadian Government would not make the final decisions, it was advisable to have some views prepared on the pros and cons. These views could be drafted in the Working Committee before the Prime Minister went to London. Canadian authorities could not try to construct a general security plan from the ground up, but they should know at least what proposals would not be acceptable.

. . .

**360.** DEA/7-ABs

*Le sous-secrétaire d'État adjoint aux Affaires extérieures au premier secrétaire, le haut commissariat en Grande-Bretagne*

*Assistant Under-Secretary of State for External Affairs to First Secretary, High Commission in Great Britain*

MOST SECRET Ottawa, April 1, 1944

Dear Mr. Ritchie —

I have received your letter of March 22nd[1] concerning the Working Committee's comments[a] on the P.H.P. paper on "The Military Aspect of any Post-War Security Organisation"[1] and your letter of March 23rd[1] enclosing a letter from Lt.-Cmdr. Todd[1] on the same subject. The Working Committee, at its meeting on March 30th, considered your letter of March 22nd and the question which you raised concerning their views on an international security force.

What the Working Committee had in mind in section A of its Note of March 6th was the desirability of setting up a small international force as part of the world security organization which would be charged with the performance of such specific duties as defending and maintaining United Nations bases. They had in mind a force with a distinctive uniform which would be responsible to an international body. This force might conceivably be directed by the Military Staff Committee proposed in the P.H.P. paper. The Military Staff Committee, according to the P.H.P. paper, would be responsible to a World Council which it would advise on military matters. The ultimate responsibility of the international force would therefore be to the World Council. Its relation to the World Council would differ from that of the aggregate of the national forces of the member States. The latter would be at the disposal of the World Council but the units thereof would continue to be subject to the ultimate authority of their own national governments. The former, however, would be responsible only to the World Council (and would presumably be made up of denationalized persons).

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[a]Voir la pièce jointe, document 356./See enclosure, Document 356.

The Working Committee do not wish to seem Utopian. They are not proposing an over-all international police force which could by itself resist aggression by any combination of powers. They do believe, however, that some experiments in the establishment of a truly international force should be undertaken in the hope that further developments might come from the experience. They consider that successful experiments along these lines during the War should not be allowed to lapse. In this connection they cited the Commonwealth air forces, simply as an illustration of the fact that military personnel of various nationalities can work closely together. Because of the fact that all the Commonwealth air forces are under the operational control of the Air Ministry, the Working Committee did not intend to suggest this as a model for the machinery of controlling an international force. This explanation should, I think, answer Ltd.-Cmdr. Todd's question.

We have now received the final version of the P.H.P. paper on "United Nations Bases"[†] which may lead to some further comment by the Working Committee. The Working Committee's views on this and other papers will, at any rate, be evident in the studies which have now been authorized by the Advisory Committee. As you will note from the minutes of the Working Committee meeting on March 30th,[†] we are setting out immediately to prepare papers on the advantages and disadvantages to Canada of organizing world security on a regional or on a universal basis and on postwar defence arrangements with the United States. These papers should help to keep you in touch with our thinking.

Yours sincerely,

H. H. WRONG

**361.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 60 [Ottawa,] April 4, 1944

MOST SECRET. Your telegrams D.401 and 402 of March 20th.[†] International organization.

We are greatly interested in the development of these discussions and hope that your proposal for an exchange of papers with the United States Government will be adopted. We are not attempting to prepare a draft scheme of our own, but we should appreciate an opportunity of seeing your papers before they take their final shape, if this is practicable.

**362.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TOP SECRET

TELEGRAM 43 London, April 5, 1944
TOP SECRET. Thank you for your telegram 4th April No. 60. International Organization. We certainly hope to communicate to you drafts on [*sic*] summaries of our papers before they are given to United States and Soviet Governments and shall welcome your views on them. In any event we are looking forward to general dicussion at Prime Ministers' meeting of issues involved.

**363.** DEA/7-CBs

*Projet de mémorandum du comité sur les problèmes de l'après-guerre*

*Draft Memorandum by Committee on Post-Hostilities Problems*

SECRET [Ottawa,] April 21, 1944

ADVANTAGES AND DISADVANTAGES OF THE
REGIONAL ORGANIZATION OF SECURITY AND DEFENCE

1. The failure of the system attempted between the two wars of seeking to concentrate, in a universal League of Nations, responsibility for the maintenance of peace anywhere in the world, has caused discussion of the possibility of organizing security on a regional basis. This, of course, is not a new idea; attempts were made even within the League of Nations to establish a regional system of which Briand's proposals for European union were the most notable. The recent advocates of regionalism have not stated clearly their aims or methods, and consideration of its possibilities is marked by considerable confusion of thought.

2. It is necessary at the outset to distinguish sharply between regional organization of security and regional organization of defence. The regional organization of security must mean the establishment of a system whereby the states concerned with each region agree to prevent war, or serious threat of war, within the region. The regional organization of defence, on the other hand, involves for the most part international military arrangements for resisting attack from outside on territories within the region. This paper, therefore, will treat first with a general international organization, and will then consider the position affecting regional defence arrangements.

A. *Regional Security Proposals.*

3. It is generally admitted that world security cannot be attained without some central organization. In the Moscow Declaration the Governments of the

United States, United Kingdom, Soviet Union and China have pledged themselves to establish a general international organization for the maintenance of peace and security. Thus the largest powers are already pledged to aim at a world security system. For these reasons it is assumed in this paper that there will be a central organization. If methods of regional devolution were adopted, there would be as well a series of regional Councils. These might take the form of a Council for Europe and a Council for Asia as suggested by Mr. Churchill in a speech made early in 1943. Whatever their size, these Councils would include initally the states among the United Nations with territories within the region. Regional Councils would have primary responsibility for the preservation of peace within their regions, acting either on their own initiative or at the request of the central organization. As there has been no attempt made so far to draft a constitution on such a quasi-federal basis, it is difficult to say how much authority, and what functions, might be devolved on the regional Councils.

4. The chief advantages and disadvantages from a Canadian point of view of a regional organization of world security, in which substantial powers would be vested in regional Councils, are set forth below. The arguments in nearly all cases are political rather than military. Since a basic Canadian interest is the preservation of world peace, nearly all these arguments are not peculiarly Canadian.

*Advantages:*

(1) The devolution on regional Councils of responsibility for settling disputes within regions might remove many problems and strains from an overburdened central Council.

(2) Countries are more apt to take seriously quarrels within their own regions, and hence it should be easier to secure public support for effective measures proposed by a regional Council. Thus, for example, it might be easier to secure support from elements in Canada suspicious of overseas commitments for obligation arising out of decisions of a regional Council.

(3) A regional system would permit smaller countries to play within their regions a greater part than would be possible in a world organization, in which the main responsibility must fall on the large powers.

(4) It might prove feasible to arrange to some extent within each region for the coordination of the equipment and training of the military forces of the countries within that region, and thus facilitate joint operations.

(5) If North America were to be regarded as a region in itself there would be no likelihood of serious conflict within the region. The danger would be somewhat increased if South America were included in the region.

*Disadvantages:*

(1) Any form of regional devolution would tend to lead people to regard the responsibilities of their countries as being limited to disputes within that region. This would encourage a false sense of security.

(2) In particular, the establishment of a security region including North America or the Western Hemisphere would encourage a revival of isolationist sentiment in the United States and Canada. This would endanger the essential cooperation of the United States in the maintenance of world security.

(3) A comprehensive system of regional Councils would involve arbitrary and artificial geographical divisions. Regional limits might have to be set at such artificial boundaries as the Suez Canal, the Urals or between Greenland and Iceland. Moreover, continental regions would be based on the false premise that the seas divide, thus ignoring one of the chief lessons of this war and the last. The creation of oceanic regions (e.g., a North Atlantic or an Indian Ocean region) would be equally arbitrary. Security regions inevitably overlap and Canada belongs to a North American, a North Atlantic, a North Pacific and an Arctic region.

(4) While, theoretically, a regional system might afford greater scope to the smaller countries, the regions would tend to become spheres of influence for the largest powers; thus the United States would dominate a North American region. Such a system might, therefore, serve in the long run to sharpen rivalries between great powers and thus endanger world security.

(5) If substantial powers were vested in regional Councils one result would be to weaken Commonwealth ties; the present system of close Commonwealth consultation can most readily be continued inside a world security system.

(6) All countries with colonial possessions outside their metropolitan region would probably have to participate in the Councils of any regions in which their colonies were situated. Thus, for instance, Portugal and the Netherlands — in addition to the great colonial powers — would have to belong to more than one regional council. Certain states would, therefore, concern themselves with the affairs of more than one council, though with varying degrees of interest. In this way, the object of concentrating the efforts of states in areas in which they were principally concerned, would not be achieved, and an overlapping would be created, that would also tend to defeat the chief purpose of regional councils.

*Summary.*

Serious dangers to general security, while their occasion may arise within a region, are certain to involve territories and issues outside the particular region. If specific commitments to preserve the peace were confined to the elimination of dangers arising within any particular region, there would be little hope of developing a sense of responsibility for the general maintenance of security. On the other hand, regional security councils might play a limited role in finding a local solution to purely local disputes, such as border disputes between small countries.

B. *Regional defence arrangements.*

5. Whatever form the organization of security may take — and still more if the efforts to establish a general security system are unsuccessful — it is likely that there will be further developments after the war in the establishment of

regional defence schemes. In modern conditions of warfare, it is impossible to provide effectively for national defence against attack by a powerful aggressor through arrangements covering only the territory of a single country. The defence of Canada depends on the defence of Newfoundland and Alaska as well as of the continental United States within the inner perimeter, and within an outer perimeter on the defence of more distant territories such as Greenland, Bermuda and the Hawaiian Islands. The Australian-New Zealand Agreement[7] has proposed the establishment of a "regional zone of defence" within "the framework of a general system of world security." The purpose is to make an attack from Asia less likely to succeed, by creating an outer ring of defence in the islands to the north under the sovereignty of the United States, the United Kingdom, the Netherlands and Portugal.

6. The direct purposes of regional defence planning are to act as a deterrent against aggression and reduce the danger of attack. The existence of effective regional defence plans would tend to support general security, through decreasing the chances of success in the event of aggression from outside, and thereby discouraging aggression. Regional defence, fundamentally military in character, presents an entirely different set of problems to the regional organization of security.

7. Regions for defence purposes would not in many cases correspond to any regions which might be established for the maintenance of security. The historic form of establishing regional defence has been through defensive alliances, or simply staff consultations. In modern conditions regional defence schemes require, at least in most areas, further arrangements covering access to and maintenance of bases and possibly joint exercises by the forces of the countries concerned.

The permanent Joint Board on Defence is an example of an agency adopted to provide for the defence of the North American region, even though no formal contractual arrangements that are binding in international law exist between Canada and the United States.

8. The maintenance of regional defence arrangements for the North American continent and their adoption in other areas which might be subject to attack are in the interests of Canada, and accord with its strategic position. Such arrangements, indeed, appear to be essential to solve the Canadian defence problems in Newfoundland, Labrador, Alaska and probably Greenland.

9. Such arrangements can readily be adapted to play their part in a world security system, through the opening of bases for the use of forces operating in accordance with the decisions of the general security organization. The establishment and maintenace of suitable bases in Canadian territory, and perhaps in Newfoundland, could be a partial discharge of the obligations of Canada for the maintenance of international security.

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[7]Voir Grande-Bretagne,/See Great Britain,
*British and Foreign State Papers*, Volume 145, 1943-1945. London, Her Majesty's Stationery Office, 1953, pp. 530-9.

10. There are dangers in the regional organization of defence, but these are for the most part inevitable in any system. The largest partner in a regional defence scheme may be tempted to treat the whole region as a sphere of influence and may be intolerant of the rights of the smaller partners. If there is a strong difference of opinion on the military establishments required, or, on the nature of the danger to be feared — if, for instance, the United States should insist on organizing North American defence against a possible attack from Russia — grave political problems might confront the other partners, amounting even to a threat to their independence. These possibilities, however, spring more from the preponderant strength of the large power than from the existence of regional defence plans.

*Summary.*

Some regional defence arrangements do, in fact, exist, and others are probable. For instance, the U.S.S.R. already has a mutual defence pact with Czechoslovakia, and it is likely that a system of interlocking mutual defence pacts will be established on its borders. In the Pacific, there is the further example of the Australia-New Zealand Agreement, with its proposals for a regional scheme for defence. The employment of similar regional defence arrangements in the North American continent is to the advantage of Canada in the solution of its defence problems.

The characteristic of all such arrangements is that they are built around a particular strategic need. Regional defence arrangements, therefore, are practical and useful to meet certain strategic problems, defined in relation to dangers which might threaten a particular area. They differ fundamentally in function from regional security proposals. Though subject, like any other form of alliance, to abuse, they are capable of supplementing the general protection against aggression afforded by a world security organization.

**364.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures[a] au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs[a] to Under-Secretary of State for External Affairs*

[Ottawa,] April 25, 1944

REPRESENTATION OF SMALLER COUNTRIES ON WORLD SECURITY COUNCIL

Mr. Churchill is quite likely to discuss with the other Prime Ministers the composition of the body intended to succeed the League Council. Those concerned with the planning of the world organization, whether in London, or in Moscow, or in Washington, seem to be contemplating an Assembly on which

[a]H. H. Wrong. Voir aussi le document 761.
H. H. Wrong. See also Document 761.

all states will be represented and a Council made up partly of permanent members and partly of non-permanent members with rotating membership.

There are a few points in this connection which often seem to be missed by representatives of large powers. It is not possible for one sovereign state to "represent" other sovereign states on an international body except in rare instances by special arrangement. It is unrealistic and undesirable that all states without permanent seats should have the same chance of selection for a non-permanent seat no matter what their size or importance may be; it may prove desirable to relate frequency of service on the Council to the size of contribution which would be based on capacity to pay and thus reflect the general importance of each state. It might be feasible to group states in categories of importance rather than by geographical areas although obviously distribution of non-permanent states must be related to geography.

*Ad memoriam*, the following information on the composition of the League Council in 1939 is relevant to this question. In January, 1939, there were 14 seats, with the United Kingdom, the U.S.S.R. and France as permanent members. By the convention which had grown up as the result of years of diplomatic bargaining the non-permanent seats were divided as follows: three went to Latin-America, which then contained 11 Member States, two went to Asia with 6 Member States, one went to the "ex neutrals" of the last war with 6 Member States, one was held by the Little Entente with three Member States, three were divided among the 14 ungrouped members and one went to the six Member States from the British Commonwealth outside the United Kingdom. This was a most unsatisfactory system, especially from the point of view of British Commonwealth countries, each of which could only hope for a seat for one term every 18 years although all were fairly substantial and regular contributors to the budget.

If, therefore, suggestions should come up for the creation of a new Council, I should think it desirable for the Prime Minister to urge that some fairer system of distributing non-permanent seats than that followed in the League Council must be developed.

[HUME WRONG]

**365.** W.L.M.K./Vol. 322

*Extrait du procès-verbal d'une réunion des premiers ministres*
*Extract from Minutes of Meeting of Prime Ministers*

P.M.M. (44) 9th Meeting [London,] May 9, 1944

TOP SECRET

CONFIDENTIAL ANNEX

THE POST-WAR SETTLEMENT

. . .

MR. EDEN explained that the papers circulated under P.M.M. (44) 4[1] on a Future World Organisation had been prepared in the Foreign Office to facilitate discussion. No decisions had been taken on them by His Majesty's Government in the United Kingdom, and they had not in fact yet been taken in the Cabinet, although they had been examined by a Committee of Ministers.

The United States Government had suggested that informal discussions of an exploratory and non-committal character, on the official level, should take place in Washington next month between representatives of His Majesty's Government in the United Kingdom, the United States Government and the Soviet Government. No documents had yet been exchanged, but we were anxious to let the United States Government have, before these discussions took place, the papers now circulated, subject to such modifications as might result from discussion with the Dominion Prime Ministers, and we understood that the United States Government were likely to reciprocate with papers of their own on the same subjects. We were not yet aware of the intentions of the Russian Government.

During Mr. Stettinius's recent visit there had been discussions in general terms which had left the impression that the mind of the United States Government was moving very much on the lines of the papers now circulated by the Foreign Office. We did not, as yet, know what line the Soviet Government were likely to take, or, indeed, their attitude towards the proposed conversations, except that M. Molotov had indicated at an earlier stage that he thought the idea of conversations a good one. It was relevant that the original suggestion at Moscow for carrying the Four-Power Declaration further had come from the Russian side. He (Mr. Eden) had then supported it. Mr. Cordell Hull had been a little reluctant to commit himself to it at that stage, as he was not then certain of the attitude of Congress; but the latest information both from our Ambassador in Washington and from Mr. Stettinius was that Mr. Hull now felt that if agreement could be reached on general ideas about post-war organisation, and if, in the course of the late autumn, an announcement of a provisional character could in consequence be made, there was little chance of the Republicans going back on any such declaration, and that there would be a better chance of getting United States opinion behind it. It would be seen that the scheme set out in these papers embodied the best features of the old

League organisation. We had aimed at laying down principles rather than elaborating rules or definitions. The fundamental conceptions which we believed were shared by the United States Government were a fully representative world Assembly and a small World Council the composition of which would have to be discussed, but the bases of which would be the three Great Powers (with, perhaps, China) who would have to carry out military decisions at the request of the World Council.

There were two points to which his League experience led him to attach considerable importance. In the first place, the proposed World Council, if it worked, was, he thought, a conception of great significance and importance. The Council of the League had worked very well — better indeed than any other organisation of the body. He had never regarded it as being unrepresentative. It was satisfactory from the Dominions point of view since it secured representation for them. It was easy to overdo the criticism based on South American representation on the Council, for, while South American members might not have made any positive contribution, at any rate they did no harm, and their presence there was not a handicap. It would be observed that Mr. Churchill, in his paper P.M.M. (44) 5[1] was in complete agreement with the idea that there should be such a Council, although in connection with it he had developed the idea of regional committees.

His second point was that if these arrangements for the future world organisation were to work, they must have the necessary force behind them. If that force was lacking, they could not work. The big failures of the League of Nations were due to the lack of force — possibly to some extent to the lack of the will to use force. The absence of the United States was, of course, also a very relevant factor. The co-ordination of military forces to be placed at the disposal of the World Council was an important point which would have to be carefully worked out.

The scheme ensured that the burden of supplying forces to give effect to or provide backing for the decisions of the World Council would be widely distributed. Any organisation of this nature, if it was to live, must have the confidence of the small Powers, and he thought it would have that confidence in proportion as the small Powers contributed to the working of the organisation.

The functional Committees proposed in the scheme contained in P.M.M. (44) 4 were also important. They would play their part in conjunction with the political organisation.

The only other point on which he wished again to touch, since it was not perhaps sufficiently clearly brought out in the papers, was that we were still at a stage in which His Majesty's Government in the United Kingdom had reached no final decision about the details of the organisation suggested, although they were entirely settled in their minds that they wanted a world organisation. As he had already explained, what they had in view was conversations between officials in Washington in June. Our representatives would be headed by an official of very high standing, probably Sir Alexander Cadogan. Discussions would be non-committal, but if they were successful and

the representatives of the United Kingdom, the United States and Russia were able, as a result of them, to come close enough to agreement, then something might be put out as a scheme in the late summer, before the American Elections.

MR. MACKENZIE KING said that he had not yet had time to study these important papers, which had only just reached him, but that on such consideration as he had been able to give them, the approach embodied in them seemed to be excellent. He wished to express appreciation of the care with which the Foreign Office paper had been prepared, and also of the tentative manner in which some of the proposals embodied in them had been put forward. Speaking generally, this document gave a sound basis on which to work. He would not like to be regarded as committed to any special features, for he had had insufficient time to consider the papers. He thought, however, that the main features would be generally satisfactory to Canadian opinion, and would be accepted by it pretty fully. He agreed that there would be advantage in further exploratory discussions at Washington next month.

In reply to a question by MR. EDEN as to whether, on the matter of tactics, he agreed with Lord Halifax and Mr. Stettinius that there would be advantage in some announcement before the American elections, MR. MACKENZIE KING said that he thought this would depend on how far the Republicans agreed to make the matter one of common policy. In the last Election the President had been fortunate in having agreement on foreign policy with Mr. Willkie. If a similar agreement could now be reached with the Republican candidates, there was everything to be said for it, but it was very difficult to say what the attitude of the Republicans would be. Mr. Willkie had earned great praise and considerable support as the result of supporting the President on foreign policy in the last Election campaign; and failure on the part of the Republican Party to take a similar line now might be turned to their disadvantage.

. . .

MR. CURTIN asked Mr. Churchill what was the nature of the Regional Council for Asia which he had in view, and whether its limits would be continental, or would be the boundaries of the Pacific world. The Dominions inevitably took a more active interest in certain regions of particular geographical and strategical concern to them than in the world at large. It would be presumptuous, he felt, for them to expect to have a decisive voice in the handling by the United Kingdom Government of the problems of Europe. On the other hand, there were practical problems in the Pacific on which, because of Australian familiarity with that area, he felt that the Commonwealth might be better able to advise than the advisers immediately available to His Majesty's Government in the United Kingdom.

MR. CHURCHILL said that he had an entirely open mind as to whether the body which he had tentatively suggested as a Council of Asia should be called the Council of Asia or the Council of the Pacific. Russia and India were both great nations in Asia. In his conception all the Dominions which had an interest in the area, and also the United Kingdom because of her interests in Asia, would be represented in the Council, and a substantial *bloc* would thus

result. The Dutch and the French must be associated with it. As regards the Pacific islands, the United States, after their lavish expenditure of money in connection with the war, would expect their strategic position and security in the Pacific to be adequately safeguarded. He felt, himself, that if they captured individual islands which hitherto had been in the possession of the Japanese, there was no reason why, by arrangement, they should not hoist their own flag over them. It might well be that we should see a position in which a number of islands would be under a world body with varying classes of trusteeships, assigned to different States. The principle of bases going under the safeguard of the United Nations and thereafter held by a particular nation under one flag or another with a variety of arrangements for local dispositions was an important one.

MR. MACKENZIE KING drew attention to the importance of the part played by geography in finally deciding what should be done and how best it could be done. Canada was next door to the United States, and the result was that during the present war, when a common peril faced them, defence arrangements had become very closely interlocked. The Canadian Government had in fact, established a permanent Joint War and Defence Board with the United States. The use of the word "permanent" was significant in relation to the discussion that was now taking place. He felt little doubt himself, that this Board would remain in existence after the war. Certainly Canada was anxious in present circumstances that it should do so. The two nations did their share in preventing the enemy from crossing each other's territories. For that reason, it might perhaps be possible to work out a stronger combination if we were careful not to make anything exclusive. Canada was able to bring the United States into co-operation with us as part of the British Commonwealth. The United States, on the other hand, were happy to have the British Commonwealth playing its part in the Pacific. It would be unwise in our ideas for a world organisation to over-emphasize the idea of a *bloc* and it might be wiser to concentrate on how the most effective co-operation could be worked out.

. . .

MR. CHURCHILL said that the first difficulty which His Majesty's Government in the United Kingdom had to face was that they were under continual pressure in Parliament for their answer to the world problem, and that it was not possible to postpone an answer indefinitely, though he recognised the force of the point that had been taken as regards consultation by the Dominion Prime Ministers with their Governments. Secondly, we could not take our stand entirely on generalities or expressions of goodwill — something more positive would be demanded here as well as for the forthcoming conversations in Washington. He had hoped himself that before this most important meeting, on which the eyes of the world were fixed, broke up we might be able to reach some general degree of tentative agreement among ourselves.

As regards the position of Europe, this was the storm centre, the place where the weather came from. It was essential, therefore, to take the greatest pains to make satisfactory arrangements for handling its problems, and, in

particular, to give some life to the area west of a line running south from the Curzon Line to the Black Sea. If no provision was made for Europe we run tremendous risks. He wished in that connection to touch on the interesting and important suggestion which Field-Marshal Smuts had made at an earlier meeting, that Holland, Belgium and perhaps the Scandinavian Powers might be more closely associated with the United Kingdom. He had thought about that, but in the outcome he did not see how we could undertake such a responsibility. The fact that we were an island had saved us in the past; if we had to maintain a continental foothold, we would need a great standing army, which the people of this country would not be willing to maintain. He felt little doubt that the Dominion Prime Ministers would find themselves confronted with a similar reaction if there were in their country to be a demand for maintaining a substantial standing army for general security purposes. He could not ignore the probability that the United States Government would be under strong and continuous pressure from America to withdraw troops from Europe, and that after one Presidential election we might find there were no United States troops left in that continent. It was in those circumstances that he felt that one of our endeavours must be to build some entity in Europe and to give a sense of self-preservation to the countries of that continent. It must be remembered that at Tehran both Russia and the United States had been strongly in favour of the dismemberment of Germany.

Continuing, MR. CHURCHILL said that he attached the greatest importance to the three Great Armed Powers acting as a Peace Executive or Steering Committee. That was the essential difference between the scheme of the League of Nations and the present scheme, and the establishment of this Committee was the real remedy for the weakness that had proved fatal to the otherwise well thought-out scheme of the League. Regional arrangements were of relatively secondary importance as compared with it, though he did attach great importance to regional arrangements. As for the division of responsibilities between the European Regional Council and the World Council, he thought some subjects would have to go before both. In a particular case he could conceive that the European Council, where it felt that there was a threat to peace which had come to its notice in Europe, would proceed to lay the case before the Supreme Peace Executive of the World Council. By the World Council, facts would be established, action taken and warning issued. If that warning was disregarded orders would be given to the States of the world to call up the forces which they were under obligation to provide against the offender. Once that great machine was set in motion, with the power at its disposal, he felt that there was little danger that a larger State would persist in action likely to lead to the breaking of the peace.

He had already make it clear that, under the World Peace Executive or World Council, he contemplated a World Assembly of which all States, other than the guilty States who had been responsible for and defeated in the war, would be members. That Assembly might perhaps establish sub-committees for the studying of the interests of particular regions.

What derogation from national sovereignty would be involved? In his scheme the only derogation was for the prevention of war. The scheme entrusted responsibility for preventing war to the three Great Powers at the top. But there was no question of the World Council, which those Powers composed, interfering with the internal affairs of any countries in the world or with their relations with one another, save only to such extent as those relations might threaten world peace. There would be no need, for instance, for treaties between countries, subject always to that reservation, to come before the World Council, and it was only if the World Council had reason to believe that a particular treaty or a particular action had in view, or was likely to constitute, a threat to world peace that there would be any question of its moving.

MR. MACKENZIE KING said that the more he thought of the Regional Councils and the World Council the more he thought that very careful further consideration of this concept would be called for. He quite accepted the special position of Europe as Mr. Churchill had defined it. But the emphasis, if there was to be a Regional Council as well as a World Council, ought to be very strongly on the World Council, and anything done on the Regional Council ought beyond question to emanate from the larger World Council. If we began to build on the foundations of the Regional Council there was a real risk, that we should develop a regional feeling. Elements of public opinion in the United States and Canada would welcome a Regional Council for the Americas and Regional Councils for the other parts of the world, since they would construe such an arrangement as meaning that the Americas were safe and that they were rid of Europe and Asia and their problems. Nevertheless, he still felt that Regional Councils would serve a very good purpose, but the emphasis must be on the world organisation.

MR. FRASER thought that Mr. Churchill's suggestion for regional sub-committees of the World Assembly for studies of the interests of particular regions might well be the solution.

MR. BEVIN suggested the taking of power to establish regional bodies which would have responsibility delegated to them, and the letting of these regional bodies grow by experience. They might well grow into something of value, but the main constructive power should remain with the central organisation.

FIELD MARSHAL SMUTS thought that the real point was, as Mr. Churchill had said, the Steering Committee of the three Great Allied Powers, and that the regional aspect was secondary.

MR. MACKENZIE KING said that he assumed that by the three Great Allied Powers Mr. Churchill had in view the three Great Powers established during the war. During the war they in the Dominions had all accepted the leadership of the Prime Minister of the United Kingdom and of President Roosevelt. Would the World Council be composed of those countries or of something wider? Would the United Kingdom or the British Commonwealth be the member? That raised a very big question.

On the matters that had been under discussion at this meeting, he felt himself that what was needed was the view of Dominion Cabinets rather than

of Dominion Prime Ministers. To-day's discussion had brought out very well the issues involved. He thought that the wise course would be to take them up as soon as might be for consideration by Dominion Cabinets, and that the timetable for the Washington talks would enable this to be done.

MR. FRASER felt that if His Majesty's Government in the United Kingdom were pressed in Parliament they could give the tentative opinion which United Kingdom Ministers had formed on the world organisation.

MR. CHURCHILL said that on the point taken by Mr. Mackenzie King, it would be a very serious thing if we could not be united when it came to the point. We must take some part in the arrangements designed to prevent the recurrence of wars, and he hoped that we would be able to agree on that. That was why he had been so concerned to keep the World Council a small body with the simplest possible composition. He suggested that in any event before the meeting of Dominion Prime Ministers concluded its deliberations, it would be desirable that the terms of some parting statement to cover the work that had been done should be considered. Immense attention was centred on these discussions; the meeting of Prime Ministers from so many parts of the world was the subject of the admiration and the watchful attention of the nations. A document should, he felt, issue which, while guarded and in general terms, should contain something of leadership.

MR. MACKENZIE KING entirely agreed and suggested that drafts should at once be prepared which could be considered by the Conference before it broke up. He was anxious that as long a time as possible should be given to the Dominion Prime Ministers to consider the draft in advance.

MR. CURTIN said he too agreed, and suggested that there might be formulated a consensus view of the observations previously made during the session. So far as the world organisation was concerned he still felt that we should be careful not to take a line that might lead to misunderstanding on the part of Russia. The wise course would be to formulate a statement of principles which could be adopted by this Conference, leaving the machinery of the world organisation to be worked out separately.

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*Procès-verbal d'une réunion des premiers ministres*

*Minutes of Meeting of Prime Ministers*

P.M.M. (44) 12th Meeting [London,] May 11, 1944

TOP SECRET

CONFIDENTIAL ANNEX

THE POST-WAR SETTLEMENT

A preliminary discussion took place on the position in regard to the forthcoming discussions at Washington on world organisation. MR. EDEN explained that the invitation to take part in those discussions had come from

the United States, and that we were committed to an exchange of memoranda with them on the five main topics enumerated in paragraph 3 of the covering note to P.M.M. (44)4.†

Those discussions would be entirely informal and non-committal. The papers appended to P.M.M. (44)4 would, subject to the views of the Dominion Prime Ministers, be used as background and, in effect, the discussions would represent a preliminary study by experts from the United States, which we knew was anxious to proceed on these lines, from the United Kingdom, and from Russia. While the Russian attitude towards the discussions had not yet been fully ascertained, they had sent a friendly reply to the suggestion that they should take place. If, as the outcome of those discussions, it proved that there was a sufficient basis on which it looked as though progress could be made, subject to the views of the Governments concerned and, in our case, of the Dominion Governments, there might then be advantage in publishing the provisional outline of a preliminary plan in the early autumn. The argument for such publication in advance of the American presidential elections was that the Republican Party might accept the scheme or at any rate let it pass without critical comment. In either event, they would be unlikely to repudiate or oppose it at a later date. They might well in any case be reluctant publically to oppose a scheme for which, in principle, there was so much support in public opinion in the United States. On the information available to us there should be a good chance in such circumstances of support from United States opinion generally. It was, he agreed, arguable that at a time when military operations of first-class importance impended and the future of the world was still in doubt, it would be better to postpone examination of these matters. On the other hand, public interest in them was great and the counter-balancing arguments for these preliminary and exploratory studies was a very strong one.

MR. CHURCHILL said that, while conscious of the arguments that could be used against the proposed discussion at the present stage, he saw no objection, himself, to exploratory and non-committal discussions at the expert level such as were in view.

MR. FRASER reminded the Meeting that he had suggested that it would be of assistance to His Majesty's Government in the United Kingdom, in considering the instructions to be given to the United Kingdom delegation to the proposed discussions in Washington if the Dominion Prime Ministers recorded in writing, for the benefit of the Meeting, their views on the documents that had been circulated, and suggested that the papers that had been prepared by the Prime Minister of Canada and by himself might be communicated to the Meeting. This was agreed.

MR. MACKENZIE KING then read to the Meeting the paper which is appended to these minutes as Appendix I, in the course of which he made it clear that he was not in a position to express the views of the Canadian Government on proposals so important as those contained in the Foreign Office memoranda on Future World Organisation (P.M.M. (44)4) without consultation with his Government, but regarded that paper as a very useful and practical preparation for the proposed Washington discussions.

The problem of world security must be met boldly, and we must have some form of World Council and Assembly such as was proposed in these memoranda. Canada as a Power of middle size fully recognised the necessity of ensuring that power and responsibility should correspond. The United Kingdom, the United States, the Soviet, and for special reasons that the Foreign Secretary had mentioned, China, had a right and duty to a special and permanent place in the World Council.

On the other hand, he did not think that representation on the World Peace Council for the "British Commonwealth and Empire" as such, was feasible or really desirable. United Kingdom representation, on the other hand, was indispensable. He was not impressed by the arguments against confining such representation to the United Kingdom, and agreed that her strength had always been in her "alliance potential," which she was able to command when her policy was such that her interests were those of her allies. Her most faithful allies in the past two wars had been the other nations of the Commonwealth. Nor need it be feared that Great Britain would fail to give due consideration to the interests of other nations of the Commonwealth, for she would want their continuing support. The method of procedure for establishing a world organisation outlined in Memorandum attached to P.M.M. (44)4 seemed to him to indicate the right method of approach. While he could not commit the Canadian Government in any way to approval of proposals to which they would wish to give most careful study, he could say that it was the belief of the Canadian Government that a strong world organisation must be established. These proposals provided a splendid basis in the formulation of plans for such an organisation. He trusted that, as in the case of the Moscow Declaration, the Canadian Government would be able to make some constructive contribution to the more important Declaration which was now to be drawn up.

MR. CHURCHILL paid a tribute to the very valuable statement which had been made by Mr. Mackenzie King, which he would like to study at greater leisure. He suggested that it should at once be made available to all those present at the Meeting. He attached the greatest importance first to the establishment of a world organisation composed of the Three Great Powers, possibly with the addition of China; and second, to the functions of that organisation being strictly limited to the prevention of war. That was where power joined with responsibility, in the telling phrase that had just been used by Mr. Mackenzie King, would be achieved. It was in the World Council, composed of the Three Great Powers, and in the world organisation, that this supreme objective of preventing for the second time the sowing of the seeds of war all over the world would be achieved. The Council would be an executive body. It would not derogate in any respect from the national sovereignty of the countries of the world, save to the extent that was inherent in the prevention of war, or of such functional arrangements as might be the subject of agreement between various countries.

He had not attempted to solve the problem of how the British Empire should be represented on the top body of the World Council. Of course, the United Kingdom must be represented there. He did not know how much authority the

Dominions would be prepared to entrust the United Kingdom to represent their views on that body. It went without saying that the closest consultation at all times would be essential with the Dominions on the matters likely to come before it. But he felt sure that the case for keeping the size of the supreme body, the World Council, as small as possible was a decisive one. If all the nations of the Commonwealth were separately represented on it, claims from other nationalities and, in particular, from the sixteen States of the U.S.S.R., would multiply and would be pressed. It followed thus that the United Kingdom, though in touch always with the Dominions or operating on some token system which would enable her to speak for the British Commonwealth and Empire, would have to take her place in the Council alone.

We should remember, however, that the United Kingdom, solely in her own right and as a single unit, would carry nothing like the same weight as the British Commonwealth and Empire as a whole. Moreover, the United Kingdom in the post-war period would be much poorer than the United States, and much weaker than Russia. For those reasons there would be obvious advantages if the United Kingdom were to be in a position to speak on the World Council for all the Dominions, of course, after the closest consultation with them.

Action at the highest level, and so in the World Council, would be action on the very greatest issues, and could only be taken after the fullest consultation with the Dominions. Moreover, war did not come without warning. Its imminence could be foreseen many years ahead. Before any decisive action was taken, it would be possible for the United Kingdom and the nations of the Commonwealth to communicate by telegraph and see if the Dominions were agreeable to the Three Great Powers in the World Council taking a particular line.

He recognised that on occasion there might be one, or even more than one, member of the Commonwealth who might not wish to be associated with what was taking place. That difficulty, if it arose, could be announced quite frankly. Might it not be better that we should on occasion announce that there were certain nations in the Commonwealth who wished to stand aside, rather than that we should forgo for ever the advantage of our composite strength?

MR. MACKENZIE KING said that there were many parallels between what was now being considered in this Meeting on world organisation and the arrangements under which in practice the war was conducted within the Commonwealth. The British Commonwealth recognised that Mr. Churchill and President Roosevelt were in effect directing the war, in association with Marshal Stalin and in certain circumstances with Generalissimo Chiang Kai-shek. There was never any question of any step taken by them not being fully accepted by the Dominions. The Dominions had not felt left out in any way throughout the war. On the other hand, each Dominion Government had to face its own Parliament. Each Dominion Government was pressed to assert the right of that Dominion to direct the war, to take a decisive part in its strategy and the like. The difficulties of doing so were, of course, only too present to those in the Dominions on whom responsibility rested. The Dominions had

come together at the present Meeting to prevent and not to make difficulties. Throughout the war they had been in full consultation day by day with His Majesty's Government in the United Kingdom and they were entirely satisfied with the working arrangements.

He wished, however, to add that there were two important considerations. The first was the matter of personalities. Mr. Churchill, if he might be allowed to say so, and President Roosevelt, were two very exceptional persons. We were now engaged in building an organisation for the future, and the question of the personalities at the head of the Government of the United Kingdom and of the United States was a very material one, which could not be left out of account. Secondly, we should be wise to take extreme care to ensure that whatever was done should not appear to the world as an effort to make three or four Great Powers the controllers of the world's destinies. It was so easy for misunderstanding to arise on that point. Appearances were often worse than realities and if other nations (he was not speaking of the Dominions, who appreciated the position) construed action that was being taken as the taking away of their rights or of their sovereignty, the danger would be great.

MR. CHURCHILL said that he entirely agreed as to the importance of this point. Our object, of course, was to establish an organisation which would prevent war and not one that would control the world. The League of Nations had tried to found world peace on the basis of disarmament. The result was that the wicked had armed and the good had disarmed or let their armaments rust, so that when the crisis was reached there was no force behind the League of Nations. Under the arrangements which he had in view, the World Council, if it did not fail in its duty, would be in a position at a very early stage to intercept and check any threat to the peace of the world. It was because of possible misunderstandings that he was, in particular, anxious to limit the functions of Excalibur (for the world organisation must have a sword to be used if action made that necessary) strictly to what was necessary for the prevention of war or of any threat to peace.

MR. EDEN suggested that the reasons for the failure of the League of Nations in 1935 and 1936 to take action against Germany had lain not so much in any inherent weakness in the League organisation as in the lack of unity of policy and determination of purpose on the part of the Great Powers towards Germany.

FIELD-MARSHAL SMUTS said that the point raised by Mr. Mackenzie King was of very great importance. It was, as he understood it, that Great Britain should be a member of the World Council in her capacity as Great Britain, and not as the representative of the Commonwealth. Undoubtedly, an arrangement of that character would ease the position constitutionally, so far as the nations of the Commonwealth were concerned. It met the parliamentary difficulties that otherwise arose at once in connexion with any Conference or discussion, as to the attitude towards it of the Dominion Government in question. Those were difficulties that could not be prevented, given the fact that the Governments and Parliaments of the Dominions were independent bodies. Surely the present plan was the better one? Great Britain would be a member of the Central

Council in its capacity as Great Britain, but in alliance — so to speak — with a number of smaller Commonwealth Powers; the United Kingdom would be responsible for putting forward views that would in fact always be consonant with the views of those Allies, unhampered by having at each step to secure their formal adherence, but able to go forward on particular issues with a greater feeling of confidence because she was speaking in her own capacity and not as the mouthpiece of the nations of the Commonwealth.

There was a close resemblance in practice between that situation and the practical situation which already existed over the fighting of the war. The Dominions had not been formally consulted before Great Britain declared war on Germany. But they had been kept in the closest touch all through the preliminary period and so were in a position to reach their own decisions without the least delay, once Britain had made up her mind. The whole diplomacy, he thought, would be much easier under the arrangement suggested by Mr. Mackenzie King, on the understanding of course, that the United Kingdom Government played the game, consulted the Dominions in advance, and kept them in step.

MR. MACKENZIE KING remarked that he agreed that the practical question was whether the United Kingdom knew the attitude of the Dominion Governments. If it did it saved unnecessary discussion, while it might be taken for granted that no Dominion would take exception to the decision the United Kingdom might feel bound to take in a particular case.

MR. CURTIN said that anything he might say would represent his personal view and not the view of his Government which he had not, of course, been able to consult. While he was impressed by Mr. Mackenzie King's argument, he felt that the other side to it should not be overlooked. Great Britain, if she sat in the World Council in her own capacity, would have the lowest status of the Three Great Powers in that Council. Surely that was just what we wanted to avoid?

At the moment, he greatly admired the documents that had been circulated by Mr. Eden in P.M.M. (44)4, and the spirit in which they had been circulated as the outline of what could most easily form a suitable approach for the British representatives in the Conference at Washington with Russia and the United States which might lead up to a statement in the autumn to the general public as to world organisation.

The major issue which the meeting was now discussing was however not the use to be made of those papers but the question whether His Majesty's Government in the United Kingdom should speak on its own behalf or on behalf of the British Commonwealth in the proposed World Council. That was a separate issue which might perhaps admit of being dealt with separately.

MR. FRASER thought that there was much to be said for making no change. Could we, in fact, better the existing arrangements in practice? The United Kingdom, thanks to its close liaison with the Dominions, was in a position to interpret their minds, and to use its own judgment with that knowledge as a background. Could that be improved upon? He agreed that if separate

representation was claimed for the Dominions, a similar claim would be put forward by the component States of the U.S.S.R. Surely the matter was really one of adjustment among ourselves and not one that could wisely be embodied in a new constitution or formula?

FIELD-MARSHAL SMUTS referred to the question of what instructions should be given by His Majesty's Government in the United Kingdom to their representatives in the proposed informal talks in Washington. He would himself approve the papers that had been circulated by Mr. Eden in P.M.M. (44)4, adjusted to carry the emphasis which had been brought out by Mr. Churchill in the paper which he had circulated as P.M.M. (44)5. He thought the directive prepared by officials which had been circulated to the Meeting under P.M.M. (44)7[8] was a good summary of the situation, and he would be prepared to support it as it stood. He assumed that the four points taken in it would be the instructions to the United Kingdom delegates at the forthcoming discussions.

*Terms of Draft Directive circulated under P.M.M. (44)7[8]*

The Meeting then briefly discussed the terms of the draft directive for the United Kingdom representatives at the Washington discussions which had been circulated under P.M.M. (44)7. On (2) of that directive MR. CURTIN suggested that the words " possess and be prepared to use"[9] were perhaps open to misconstruction. How was the central organisation to "possess" this power? Was it to have an international force? If so, was that force to be the result of certain allocations by individual nations to the central organisation; and was that organisation to have the power to use the force so allocated without reference to the constituent elements? So far as Australia was concerned it would not be possible to use forces made available by her anywhere without the approval of the Australian Government. He could not support paragraph 2 of the directive without knowing a good deal more about it. MR. MACKENZIE KING said that he had taken the content of paragraph 2 as a statement of principle, the working out of that principle being left over for subsequent consideration.

After discussion it was agreed that for the words "should possess and be prepared to use" there should be substituted the words "should have at its disposal."

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[9]Le paragraphe 2 de la directive se lisait comme suit:
Paragraph 2 of the directive was as follows:
"It is essential that the central organization should possess and be prepared to use adequate force for this purpose [the maintenance of peace and security on the basis of the continued collaboration of the United States, the U.S.S.R. (and possibly China) with the British Commonwealth]".

On (3) of the directive[10] MR. FRASER suggested that the world organisation would have power to allocate special duties to regional bodies where there is an obvious advantage in the "limitation of the sphere of action" (P.M.M. (44)4: page 6). The right of appeal of a member of the world organisation should at all times remain intact.

MR. CURTIN thought that we should not go so far as the regional organisation, but agreed after discussion to accept this paragraph subject to the omission of the word "political" where it occurred and to Mr. Mackenzie King's suggestion that "could" should be substituted for "should."

In general, Mr. Curtin said that he preferred the full document prepared by the Foreign Office and circulated as P.M.M. (44)4 to the directive contained in P.M.M. (44)7.

MR. EDEN suggested that instead of using the directive the full Foreign Office document should be adopted as the basis of the instructions to the United Kingdom representatives in the Washington conversations, subject to the emphasis brought out by Mr. Churchill in the paper which he had circulated to the Meeting as P.M.M. (44) 5.

MR. CURTIN said that he agreed personally in regarding the basis outlined by Mr. Eden in P.M.M. (44)4 as a satisfactory approach to the forthcoming discussions so far as Australia was concerned. But the Australian Government had not seen the document. There was ample time for it to be made available to them either in paraphrase or by air mail so that they could give their considered views on it. He could not be certain that there would be unanimity. He supported the Foreign Office paper, subject to the reservations stated in it, and noted that it contemplated that if a measure of agreement was reached at Washington which could find expression in a draft declaration, the draft of that declaration and the progress of the Washington talks would be the subject of further consultation between British Commonwealth Governments before any such declaration was published.

MR. FRASER said that on the 16th July, 1936, the Government of New Zealand had informed the League that she was prepared "to agree to the institution of an international force under the control of the League or to the allocation to the League of a definite proportion of the armed forces of its members to the extent, if desired, of the whole of those forces — land, sea, and air." To that view his Government adhered. They felt certain that without force behind it, no international organisation could achieve its purpose. He had embodied his general views on the future world organisation in a note which he trusted would be of assistance to His Majesty's Government in the United Kingdom in formulating instructions to their representatives.

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[10]Le paragraphe 3 de la directive se lisait comme suit:
Paragraph 3 of the directive was as follows:

"Regional political organisations should be constituted under the aegis of a world political organisation. Their exact functions might differ as between region and region."

MR. FRASER then read to the Meeting the note which is appended to these minutes as Appendix II' from which it appeared that, on a first reading, he considered that the papers produced by the Foreign Office and circulated under P.M.M. (44)4 constituted a valuable contribution to discussion, and agreed with many of its basic conceptions, but reserved the right to send in further comments. On the proposals that had separately been mentioned to the Conference by Mr. Churchill he had also a number of comments to make. He was doubtful, in particular, of the wisdom of basing representation of the smaller Powers on the World Council on the division of the world into Regions; he was anxious that the reservation concerning the nationality of States eligible for representation on a World Council should not exclude the British Dominions; he felt that the placing, as had been suggested, of a much greater degree of responsibility for preserving peace on the Regional Council rather than the World Council could be harmful, and was of opinion that objections would be found to a division into Regions being made the basis of collective action for the preservation of peace and the settlement of international disputes. He cordially endorsed Mr. Churchill's suggestion for a union of a world-wide brotherhood of the British peoples and for fraternal association with the United States. As regards the suggestion for a United States of Europe, he regarded this as a special problem which could better be approached, as opportunity offered, over a long period of time, and as a broad issue. If we raised it now, it might stimulate fundamental objections towards the acceptance of a world organisation on the broadest basis.

He was not, however, against a United States of Europe. If it was feasible and could be brought about it would probably go further than anything to establish world peace, and he felt that an arrangement of this nature would be very much better than asking the European countries to join the British Commonwealth.

MR. CHURCHILL said that he agreed that the United States of Europe was an ideal that could only be achieved after years of patient study. We had to bear in mind that in the post-war period there would be a vastly powerful Russian State in the East of Europe and in the West of Europe the United Kingdom, and between them there would be a litter of broken States, disarmed and smarting from their wounds. It was most important that we should restore the self-respect of those States and enable them to build a structure which would associate them with one another and would help them to efface past discords. The obvious advantages of such association were great. On the other hand, if we did nothing in that way for the peoples of Europe, and they continued to tear each other to pieces in devastating struggles, the United Kingdom, anxious as it might be to stand outside such struggles, would, beyond question, find herself involved in them, and that would be equally true of the Dominions. He agreed entirely that however strong might be our admiration and our liking for the Dutch and other nations, we could not become responsible for defending large areas of the Continent, as we should have to, were they to be taken inside our British system. To do so would be to condemn

our people to the maintenance of a vast standing army which they would never be prepared to contemplate.

MR. CHURCHILL proceeded that he had learnt an immense amount from the discussion that had taken place, which had, he thought, been most useful. In the light of it he would prefer to withdraw the Paper which he had circulated as P.M.M. (44) 5, for he felt that the suggestions which had been put in that Paper had now served their purpose of stimulating and focussing a discussion. His views remained unchanged in essentials. But they could, he felt, be stated in a more mature form in the light of the discussion that had taken place.

Equally the Foreign Office papers circulated under P.M.M. (44)4 might be re-examined from the point of view of emphasis. There were some points on which obviously no decision could be reached in the present meeting, and on which some difference of view existed. The Foreign Office papers might be re-cast so as to show the alternative solutions to particular problems, and be drawn in more non-committal terms. That would enable each individual Dominion Parliament to consider them in complete freedom. They would, in their new form, be merely a statement of the case, but with a statement of the difficulties which would confront us at every stage and the alternative solutions to them. That document, after it had been seen by Dominion Governments, to whom it could be despatched by air, could be taken to the International Conference at Washington and used as a guide for our representatives in the discussion there. As a guide, not as a rule, and of course on the understanding that those discussions and the outcome of them were *ad referendum*.

MR. CHURCHILL referred again to some of the governing ideas which had influenced his thought on this whole range of questions. The combination of the three Powers strongest in arms at the end of the war; trustees for the peace (at any rate until the end of the transitional period, and the worst of the horrors of war had been left behind); vested with ample power; knit together for all purposes other than war; all this appealed to him profoundly. In building up our re-constituted Europe we could not overlook the possibility that, at a very early date, perhaps less than 5 years from the end of the war, whatever Germany resulted from the Treaty of Peace would come to play her part in it. He was perturbed at the thought of a chaos of ruined States lying between the United Kingdom and Russia. He wanted something more human and natural than a sledgehammer to guide them on the right lines and to rebuild that Europe, united in policy and outlook, which had contributed so immensely at one time or other to the fate of the world and to its progress. But with this reconstruction Russia must be associated. At the last Peace Conference he had urged that the Russian problem had not been faced. If we took no pains to take Russia and her position into account now, we should be laying the foundations of another world war in a generation's time.

MR. EDEN said that as regards the suggestion of a United States of Europe, surely the first step would be to talk to the Russians about it and make sure that there was no feeling in their minds that it might be directed against them? MR. CHURCHILL said that he entirely agreed.

MR. CHURCHILL, in conclusion, said that he trusted that the Meeting of Dominion Prime Ministers, before it finally broke up, would feel able to issue a public statement, and offered to suggest a draft for their consideration. It was important to reaffirm our belief in world order, our desire to co-operate with and serve other nations; our joy in being joined in fighting side by side with our great Allies, the United States and Russia; our hope for a continuation of our Association with them; our sympathy for the shattered countries; our firm resolve to prosecute the war to a victorious conclusion. We might possibly touch lightly on one or two of the more important topics that had been under discussion. If consideration of this proposed statement could be concluded on Monday night, arrangements could be made to issue the Declaration immediately after the final session of the meeting at noon on Tuesday.[11]

The meeting expressed complete agreement with the course suggested by Mr. Churchill and agreed that he should prepare a draft of a Declaration. The point was taken that if any reference were included to specific topics it should be in the most general terms and carefully safeguarded, in the interests of avoiding interpellations in Dominion Parliaments as to what had passed in confidential sessions.

## APPENDIX I

### STATEMENT MADE BY THE RIGHT HON. W. MACKENZIE KING, PRIME MINISTER OF CANADA, TO THE MEETING OF PRIME MINISTERS HELD AT 10 DOWNING STREET, S.W. 1, ON 11TH MAY, 1944.

THE Canadian Government in company with the other Commonwealth Governments has endorsed the Moscow Declaration. We welcomed the suggestion of the United Kingdom Government for an exchange of views on the implementation of the principles in paragraph 4 of the Declaration because we believed that it was of urgent importance to secure early agreement among both large and small Powers on the fundamental nature of a world security system. At the same time, we pointed out that the majority of the United Nations were still members of the League of Nations and would, therefore, have to relate their position under any new security organisation to the League Covenant. Now that we are seriously considering a new world security organisation, I think that an exchange of views among the Commonwealth Governments on the steps to be taken in winding up the organisation of the old League and transferring its continuing functions to the new body would be in order.

The memoranda on Future World Organisation (P.M.M. (44)4) submitted by the United Kingdom Government is, [*sic*] I believe, a very useful and practical preparation for the discussions which will shortly take place in Washington. They will, I know, be examined with great interest and sympathy by the Canadian Government which has been devoting a good deal of attention to these problems.

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[11]Voir aussi le document 765./See also Document 765.

I need not say that I cannot give you the views of the Canadian Government on proposals of such importance until after I have had an opportunity of considering them with the care they deserve, in consultation with my colleagues. This I shall do at the first opportunity.

For the purposes of this meeting, however, I take it you would like to have our own preliminary observations on the proposals which have been put before us. The paper circulated by the United Kingdom Government strikes me as a forward-looking document. The problem of world security must be met boldly. We must have some form of World Council and Assembly such as is proposed in this document. Canada, as a Power of middle size, fully recognises the necessity of ensuring that power and responsibility should correspond. We recognise the right and the duty of the United Kingdom, the United States, the Soviet Union, and (for the special reasons Mr. Eden has mentioned) China to a special and permanent place in the World Council because upon them there will fall the major responsibility for world security. The United Kingdom has a particular right to such a role of leadership and responsibility because of her long experience, her world-wide interests, her moral leadership and her military power.

At the same time, I am glad to note that these memoranda recognise the necessity of securing the loyal and active co-operation of other and lesser States. Unless they have the voice to which they are entitled by the contributions they can make to world security and prosperity, they cannot be expected to discharge their appropriate responsibilities. They must be assured that they can bring their cases before the World Assembly or World Council and not feel that settlements by the Great Powers will be made arbitrarily at their expense. The question of representation on the organs of the World Security organisation is, as the memoranda note, a difficult one.

We agree with the view, expressed in paragraph 28 of Memorandum A attached to P.M.M. (44)4, that any system of representation must recognise the very great differences between States other than the four Powers.

Just as we are prepared to recognise the great difference in power and responsibility between Canada and the Soviet Union, for example, we should expect some recognition of the considerable difference between Canada and Panama. Although the special responsibility of the four Great Powers for maintaining political security must be recognised, nevertheless an effort should be made to give the smaller Powers a larger share in the direction of the many functional organisations which will be set up, possibly under the direction of the World Council. Norway, for example, would not expect to assume an important position in the security organisation, but she would certainly be entitled to a special voice on any body dealing with shipping. By recognition of this functional principle of representation, we can retain 4-Power leadership in achieving security, but avoid a too rigid adherence to the 4-Power principle, which might not be in the best interests of a co-operative world order.

The question of regionalism is one that must be approached with caution. This war has made it clear that countries can secure their own immediate defences only in co-operation with friendly neighbours. This principle is the

basis of the Permanent Joint Defence Board, which was established in 1940 between Canada and the United States, and it is, I believe, the basis of the very fruitful proposals recently made in the agreement between Australia and New Zealand. Another interesting example of the possibilities of international regional co-operation is the Anglo-American Caribbean Commission, whose work was described by the Colonial Secretary the other day. We should not forget, however, that a major lesson of this war is the truth that the seas do not divide and that the peace and prosperity of the world are indivisible. It would not be wise to encourage the peoples of the world to return to their illusions about their ability to live in continental isolation. I am glad to see, therefore, the view expressed in these papers that the World Organisation should be established first, and that regional associations for special purposes might develop out of the particular necessities of particular areas, and should be fitted into the overall framework of world security.

In this connection I should like to make one or two observations, on the brief but very impressive note[12] which Mr. Churchill has circulated on the memoranda presented for our consideration. Mr. Churchill has suggest that the "British Empire and Commonwealth" should be one of the members of the World Peace Council. I think that we should consider the questions of representation which this would raise. The United States, the Soviet Union, and China are unitary States, but the "Commonwealth and Empire" is a complex of governments, each directly responsible to its own parliament and people. Our present discussions have confirmed our confidence that the policies of our governments will be in substantial agreement on the major issues of war and peace. We are in very close agreement on the objects and purposes which our foreign policies should pursue, but we must remember that the World Peace Council will be an executive body. It must be capable of prompt and single-minded action. In a sense it will represent the international community, and the States members of the Council will be the trustees of the world interest in peace and security. I do not think they could discharge this duty properly if a representative on the Peace Council was trying to act simultaneously on instructions from the half dozen Governments which make up the Commonwealth.

Frankly I do not think representation on the World Peace Council for the "British Commonwealth and Empire" as such is feasible or really desirable. Representation of the United Kingdom, on the other hand, is indispensable. The United Kingdom is indisputably a Great Power in its own right with its influence in world councils enhanced by its special relationship with the countries of the Commonwealth. The foreign policy of the United Kingdom should be firm and decisive. Can it be firm and decisive if every issue must be decided on the majority vote of countries, some of which are not directly in touch with the affairs of all parts of the world at once?

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[12]La note suivante était dans l'original:/The following note was in the original:
Circulated as P.M.M. (44)5, and withdrawn on the conclusion of the discussion.

At the 1926 Imperial Conference, the idea of the British Commonwealth as a single contracting unit was ruled out as tending to obscure the separate international status of the component parts. I do not see how foreign countries can be expected to accept an arrangement under which countries of the Commonwealth are at the same time formally parts of one of the major Powers, and also, separately, individual members of the general community of nations. In practice the position of Canada, Australia, South Africa and New Zealand, should be fully safeguarded by the existing system of consultation which provides for preliminary consultation between the United Kingdom and other Commonwealth Governments on matters to be discussed by the major Powers.

The prestige of the British Commonwealth was never higher than it is to-day, and that is particularly true in the United States, despite friction and jealousies that sometimes obscure their fundamental friendliness. This prestige is based upon a belief that in the British Commonwealth there has been evolved a unique alliance of a peculiarly tough and enduring kind whose members act together, unlike so many allies bound by explicit treaties, not because they are compelled to act together, but because they have the will to act together. What is more, our friends have discovered the primary objects for which the members of the Commonwealth act together are objects which can be shared by other countries of goodwill. They have realised that the Commonwealth is not a Power *bloc* exploiting its own selfish interests, but a group of like-minded nations whose close association has in the past and may in the future form the most reliable element within the framework of the world order. We must be very cautious, therefore, about moving in directions which might rouse old suspicions. What is more important, we must take no steps which would set one group of nations apart from another, or lose sight of the great contribution we can make to the world by proving to it that free peoples of mingled races can work together and stand together in a good cause.

It has been suggested that Great Britain is not properly a Great Power unless she always speaks with the united voice of a great Empire. But Great Britain's strength has always been in her "alliance potential" — as Mr. Eden has said. This alliance potential she is able to command when her policy is such that her interests are those of her allies. Her most faithful allies in the past two wars have been the other nations of the Commonwealth, and no nation who wishes to attack Great Britain can dare to ignore the lessons of 1914 and 1939. Nor need we fear that Great Britain will fail to give due consideration to the interests of other nations of the Commonwealth, for she will want our continuing support. But this is true not only of Great Britain. It is true for all of us. None of us can defend ourselves by ourselves, and we shall all seek so to co-ordinate our policies that we can count on support in times of crisis. Are we stronger and more impressive in the eyes of the world this way, or bound together in such a way that our differences may be magnified and our disputes advertised?

In Memorandum E attached to P.M.M. (44)4 there is outlined a method and procedure for establishing a world organisation. This seems to me to

indicate the right line of approach. If the memoranda prepared by the other countries are as well considered as those before us this morning, the subsequent discussions should be able to grapple immediately with the major problems. I agree with the expressions of urgency in the paper and concur in the view as to the good results to be expected from agreement at an early date on the major outlines of the new world organisation. I should express the hope that the fullest consideration will be given to the views of all the United Nations, and that every care will be taken to avoid any appearance of presenting to them a *fait accompli* to which they can do little more than sign their names. For this reason it may not be advisable to publish the proposed Declaration immediately it is given to the other nations, lest they interpret publication as a scheme to force their hands.

We have been asked whether we agree that these papers are on the right lines as a basis for preliminary and informal discussions. While I should not wish to commit the Canadian Government in any way to approval of proposals to which they will wish to give most careful study, I can say it is the belief of the Canadian Government that a strong world organisation must be established. In the formulation of plans for such an organisation, these proposals provide a splendid basis. We were happy to have the opportunity to express our views on the terms of the Moscow Declaration before they were framed, and we appreciated in those discussions the consideration given to our views by the United Kingdom Government. We hope that in the same way we shall be able to make some constructive contribution to the more important Declaration which is now to be drawn up.

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**367.** DEA/7-Vs

*Mémorandum du premier secrétaire, le haut commissariat en Grande-Bretagne*

*Memorandum by First Secretary, High Commission in Great Britain*

SECRET [London, c. May 17, 1944]

FUTURE WORLD ORGANIZATION

A meeting took place at the Foreign Office on May 17th at 3:30 p.m. to discuss certain suggested insertions and re-drafts in the Foreign Office paper' prepared for the meeting of Prime Ministers on the subject of future world organisation. The suggested changes were in (a) the Covering Note to the Foreign Office paper and (b) the memoranda A and B to be exchanged with the United States and the Union of Soviet Socialist Republics.

Those present were:

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| Sir Alexander Cadogan | (in the Chair) |
| Mr. Norman Robertson | Canada |
| Mr. C. S. A. Ritchie | Canada |
| Mr. Holmes | Canada |
| Mr. A. Stirling | Australia |

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| Mr. A. D. McIntosh | New Zealand |
| Mr. J. V. Wilson | New Zealand |
| Mr. D. D. Forsyth | South Africa |
| Mr. Jones | South Africa |
| Mr. G. Boyd Shannon | Dominions Office |
| Mr. Jebb | Foreign Office |
| Professor Webster | Foreign Office |
| Mr. Greenway | Foreign Office |

Sir Alexander Cadogan opened by explaining that the re-drafts and insertions in the original paper on future world organisation, copies of which were circulated to the meeting, had been drafted in the Foreign Office on instructions from the Prime Minister. When at the close of the discussions on future world organisation at the Prime Ministers' meeting Mr. Churchill withdrew his paper outlining his ideas on the regional organisation of the world, he instructed that the Foreign Office should prepare a balanced survey, in non-committal language, of alternative suggestions to those outlined in their original paper. Mr. Churchill had added that while he withdrew his paper his own views on regional organisation were unchanged in essentials. The present insertion and re-drafts had been approved by Mr. Eden but had not yet gone up to the Prime Minister for his approval.

The discussion which followed was concerned in the first place with the proposed insertion in the Foreign Office Covering Note to their memorandum on future world organisation. Sir Alexander Cadogan pointed out that this Covering Note would not, of course, be given to the United States and Soviet Governments for their consideration. It was merely background for the information of Commonwealth Governments and the United Kingdom representatives at the forthcoming Washington talks, and should not be considered as instructions to United Kingdom representatives. The memoranda on the other hand would be given to the United States and Russian Governments and would be put forward by the United Kingdom representatives at the forthcoming talks between the United Kingdom and United States Governments.

Mr. Robertson opened the discussion on the proposed insertion in the Covering Note. He said that he was somewhat surprised to see that this insertion seemed to be a repetition in all its essentials of the Prime Minister's own paper which he had withdrawn at the end of the discussion in the Prime Ministers' meeting. From the Canadian point of view it was open to the same objections as had applied to the Prime Minister's original paper. These objections had already been set forth in a paper circulated to the Prime Ministers' meeting, the two essential points of which were:

(a) that in the Canadian view the British Commonwealth could not be regarded as a single unified great Power, and hence the Dominions could not be represented by the United Kingdom on the World Peace Council, and

(b) that Canada was not in favour of the division of the world into regional Power groups.

Mr. Robertson said that he had been under the impression that the Prime Minister had acknowledged the force of the Canadian view as to (a), while

retaining in some degree his original view regarding the merits of regional organisation. Mr. Robertson pointed out that both these concepts were to be found again in the suggested insertion in the Foreign Office Covering Note, and the Canadian objections to them still held good.

As to (a), Canada had not envisaged that the Commonwealth would be represented as a unitary Power on the World Peace Council, but rather that the United Kingdom and the Colonial Empire would be represented as a unit, although her position would no doubt be fortified by the fact that she would have had prior consultations with the Dominions and secured their agreement on the main lines of policy to be followed.

As to (b), the Canadian objections to the proposed regional organisation had already been explained. He added, however, that the American objections would probably be equally strong.

Sir Alexander Cadogan agreed that in all probability the United States would be opposed to the regional scheme. He pointed out that the American objections were mentioned in paragraph 13 of the proposed insertion and that it was stated in that paragraph that it would be impracticable to approach the United States Government along these lines. Sir Alexander seemed to imply that the regional scheme put forward as an alternative in the opening paragraphs of the proposed insertion was dismissed as impracticable in paragraph 13 on the grounds of probable American opposition. His explanation, however, was not free from ambiguity, particularly as Article 13 still proposed that "we (i.e. the United Kingdom Government) must therefore seek to secure these objectives (i.e. the regional organisation previously outlined) by indirect means so far as possible inside a world organisation."

Mr. Robertson, who was supported in his contentions by Mr. McIntosh, went on to point out that the regional scheme would encourage isolationism in the United States. Canada's interests would not fit into a regional form of organisation, nor would Canada be willing to represent the Commonwealth in that region. It was also pointed out as a reason for not excluding the non-European countries from European affairs that on only two occasions during the history of the League Council had states outside Europe prevented the achievement of any European objective clearly desired by the European states.

Mr. McIntosh supported the view put forward by Mr. Robertson, and said that the proposed insertion would, he felt sure, be unacceptable to his Government. He objected to paragraph 11 of the insertion with its references to Asia and the Pacific, and to paragraph 8 which suggested that the regional organisation would enable the smaller states to combine together with their neighbours to form compact blocs of power. This, he said, was quite opposed to the New Zealand conception of a world organisation. He supposed it was directed against Russia.

Mr. Forsyth said that he did not see any great objection to the proposed insertion as far as his Government were concerned.

Sir Alexander Cadogan said that speaking personally he felt that Mr. Hull's conception of a world organisation was the right one, and that he was in sympathy with it.

With regard to paragraph 5 of the proposed insertion which deals with the proposed United States of Europe, Mr. Robertson said that he felt it was important that the conception of some form of European organisation should not be jeopardised by linking it with a general plan for the organisation of the world on continental lines. Indeed some such European organisation was probably desirable. He reminded Sir Alexander Cadogan that it had been suggested that the Dominions should participate in the United Nations Commission for Europe which was intended to be the supreme European authority in the interim period before a world security organisation could be set up. He added that in the case of Europe there remained the question as to whether the European continent was really the best unit for such an international organisation. The European countries on the Atlantic seabord were much nearer, both in culture and in industrial and social development, to the countries of the Western Hemisphere than they were to the countries of South Eastern Europe.

After some further discussion the meeting turned to consideration of the suggested re-drafts of certain paragraphs of memoranda A and B. The following were the more important suggestions for alterations in the re-draft;

1. Mr. Robertson suggested that a misapprehension might arise from the omission in the re-draft of paragraph 15 of memorandum A of the sentence: "The same principle applies to all other States." The re-draft now read: "They (i.e. the four Powers) must be given, therefore, a special position in the organisation in order effectively to maintain peace and security. In general, the more power and responsibility can be made to correspond, the more likely is it that the machinery will be able to fulfil its functions." Mr. Robertson felt that the latter of these two sentences might be read as a gloss upon the former, whereas the inclusion of a reference to other States would make it clear that corresponding obligations applied to them. Professor Webster, who appears to have drafted that paragraph, said that this had not been the intention, and that in the last sentence of paragraph 15 after the words "in general" should be inserted "as regards all States."

In discussing this point Mr. Robertson mentioned the question of associating the Dominions with the World Peace Council. It might be that if Canada were not a member of the Council consideration would have to be given to accrediting a diplomatic mission to the Council in the same way that a Canadian representative had been accredited to the League of Nations. Consideration would also, no doubt, have to be given to the possibility of other methods of associating the Dominions with the Council.

2. The Foreign Office representatives agreed that in line 2 of paragraph 18 of memorandum A the word "could" should replace the word "should." It was agreed that in the penultimate sentence of paragraph 18, which read: "Such regional associations might also come into existence for electing representatives

to a World Council," the words "for electing representatives to a World Council" should be deleted.[13]

3. It was pointed out by Mr. Robertson that in paragraph 26 of memorandum A the sentence: "The principle has been generally accepted that where the interests of any State are specially affected it should have the right of representation on the Council," which had stood in the original Foreign Office memorandum had been altered in the re-draft to read: "The principle had been generaly accepted that where the interests of any State are specially affected it should have the right to lay its case before the Council." Mr. Robertson pointed out that the phrase "right of representation" had been omitted. He felt that in view of the intention to keep the Council as small as possible it was all the more essential that States should have representation on it when their interests were affected. Professor Webster said that he did not think that in practice this change in the drafting would make any difference, as it was not contemplated that States which were parties to a dispute should vote at the meetings of the Council.

It was pointed out that two separate considerations were involved:

(a) representation on the Council for States whose interests were affected in policies which the Council might be pursuing, and

(b) representation on the Council for States who were parties to an actual dispute.

The question of the election of non-permanent members of the Council was raised. It was considered that in all probability they would have to be elected by the Assembly, and that in that case the Assembly could hardly avoid taking into account the need for maintaining a regional balance.

In considering the re-drafts of memorandum B there was a brief discussion on the proposal that the decisions of the Council, even on questions of principle, might be taken by a two-thirds majority rather than by unanimity. Professor Webster said that many authorities on both sides of the Atlantic experienced in legal procedure were in favour of this change, which was designed to add to the strength and effectiveness of the Council. In any event the proposal was merely put forward as worthy of consideration.

At the close of the consideration of the suggested insertion and re-drafts there was some discussion initiated by Mr. Robertson on the methods to be

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[13]À l'origine, le paragraphe se lisait comme suit:
The paragraph orginally read:

"18. Just as there are special functional organisations, so there should be regional associations when there is obvious advantage to be obtained by limitation of the sphere of action. For instance, it is possible that out of some 'United Nations Commission for Europe' as proposed in Mr. Eden's memorandum of July 1st, 1943, there might grow a European organism which, under the guidance of the three major allies, might foster peaceful tendencies, heal the wounds of Europe, and at the same time prevent Germany from again dominating the Continent. Such regional associations might also come into existence for electing representatives to a World Council, for economic co-operation, for the promotion of welfare in colonial territories, etc. It is, however, essential that they should not conflict with the world-wide organisation but rather assist it to carry out its purposes".

adopted for "winding up" the League of Nations. The Canadian view was that this should be done in as orderly a fashion as possible, and he enquired whether the United Kingdom authorities had given any consideration to the questions involved.

Sir Alexander Cadogan said that they had not so far had an opportunity of doing so. There were likely to be some thorny legal points involved and it might be that neutral and enemy States had certain residual rights connected with the League organisation. Sir Alexander deprecated the fact that every association with the League of Nations was under a cloud. This had been partly due to American and Russian dislike of the League, but he thought that in his recent talks with Dr. Bowman of the United States State Department, that he had detected a slight change of attitude.

There was some discussion of the place of meeting of the future world organisation. Sir Alexander Cadogan said that the Foreign Office felt that this was a question which should be left to the very last. It was the kind of thing which always raised controversy and difficulties. He would not be entirely surprised himself if Geneva should prove the eventual choice.

The discussion was concluded by Sir Alexander Cadogan asking for the views of the Dominion Prime Ministers on the suggested insertion and re-drafts at the earliest possible date, if possible before the departure of the Prime Ministers from London. Sir Alexander said that insofar as this meant a repetition of work which had been done already at the Prime Ministers' meeting he regretted that it should be necessary, but the Foreign Office had received their instructions to put forward these alternatives, and would be grateful to have, in written form, the views of the Dominion Prime Ministers. If there were objections, as he gathered that there would be, he hoped that they would be set forth in the written comments of the Dominion Prime Ministers.

**368.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 96 Ottawa, May 29, 1944

SECRET. Following for Mr. Eden from the Prime Minister, Begins:

1. When I left London it was understood that I should let you have as soon as possible my comments on the changes suggested by the Foreign Office, following the discussion of the subject by the Prime Ministers' Meeting, in the paper "Future World Organization" (P.M.M. (44)4).†

2. Mr. Fraser kindly sent me a copy of his letter to you of May 18th† on this question, in which he took objection to the elaboration of the idea of regionalism proposed for inclusion in the Covering Note. I am in general agreement with his views, and should prefer, as he does, that this expansion of the original paper should be limited to references to the special case of Europe.

3. At several points in the revision of the Covering Note (paragraphs 5, 11 and 12) reference is made to the British Commonwealth as one of the three or four Great Powers. My understanding of the sense of our discussions in London is that the United Kingdom rather than the British Commonwealth should consistently be mentioned in this connection, as is done in paragraph 15 of Memorandum A.

4. With regard to the redraft of certain paragraphs of Memoranda A and B, certain changes with which I am in accord were proposed at the meeting of officials held in the Foreign Office on May 17th. I suggest that in the first sentence of the revised paragraph 27 of Memorandum A less weight should be given to the desirability of restricting membership of the World Council to the great powers, since the political feasibility of this is admitted to be most questionable. There appears to me to be some inconsistency between this sentence and the discussion which immediately follows of the principles governing the choice of other members of the World Council.

5. Apart from these observations I am in general accord with the line of approach taken in the five Memoranda, which provide in my view a satisfactory basis for initiating discussions with the United States and the Soviet Governments.

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*Le chargé d'affaires, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Under-Secretary of State for External Affairs*

SECRET Washington, July 18, 1944

Dear Mr. Robertson:

I have read with great interest Foreign Office P.M.M. (44)4 of May 8th entitled "Future World Organization,"* forwarded with Mr. Wrong's letter of June 26th,† as well as the suggested redraft of certain paragraphs of this document forwarded with Mr. Ritchie's letter to you of June 12th.†

The Foreign Office Print, as amended, should serve as a useful basis for the discussions on post-war organization when the United States, United Kingdom, Russian and Chinese delegates meet to consider this matter. The Print's covering note and the four memoranda attached to it, touch, among other things, on two of the most important features of the whole problem.

(1) The powers and responsibilities to be given to the small executive body, the World Council.

(2) The position and obligations of the intermediate and small powers in the World Organization.

The first question is the vital one. If it is solved satisfactorily, everything else becomes comparatively easy.

In this connection the analogy that comes to mind, almost automatically, is that of the League of Nations and the Covenant. Incidentally, the Foreign Office document does not suggest any procedure for dissolving the League and its associated agencies.

The Print says that the organization pro, sed has much in common with the League Convenant but is "more flexible". The new plan "is based on the acceptance of certain essential principles." The means by which these principles shall be carried out are "to be adapted to the varying circumstances of human intercourse which cannot be foreseen."

This approach may be unavoidable but it is, I think, idle to conclude that it necessarily represents progress.

Furthermore, the statement of the problem in the Foreign Office Print, with its emphasis on "flexibility," is incomplete. Unless the Organization is given a broad grant of powers it may discover that it is incompetent, without a constitutional amendment, to adopt the methods which experience shows to be desirable. Flexibility of means is essential, but there must also be legal capacity to adopt the desired means.

The only possible chance of success, it seems, for an international organization of the kind proposed lies in the desire and ability of the three Great Powers to work together within the framework of that organization. Presumably flexibility is emphasized to make that co-operation easier and to provide room for development. Flexibility, however, can also make it easier to retreat as well as to advance.

The development, the nature, and the success of the British Commonwealth of Nations is used as an argument to support this cautious, elastic approach. It is, I think, an unfortunate one. The Commonwealth does not need to be organized, even as a defensive alliance, because the interests and traditions and sentiments which make for co-operation and collective action are so deeply ingrained. The Commonwealth consists of separate States which have grown out of a unitary Empire. The development of the world organization is presumably from the separate and competing towards the collective and co-operative. There is little or nothing of tradition or sentiment binding its members together. In short, principles and policies which might be safe and even essential for the British Commonwealth — where the strength of the whole lies in the freedom of the parts — are a misleading and dangerous guide to any world organization.

It might be argued that not freedom and sovereignty, but collective action and interdependence should be emphasized in our post-war plans. Political realities make it necessary, of course, to remove the fear that anything like a super-State is even thought of. For that reason — and for others — the Print makes clear, using the language of the Moscow declaration, that the world must be based on the "sovereign equality" of all states.

Though this may be unavoidable in present circumstances, nevertheless the phrase itself and its two concepts of "sovereignty" and "equality" may well create illusions which have no basis in fact. Corbett and Kirk in the latest Yale

University study "The Outlook for a Security Organization" put this danger succinctly and well in the following paragraphs:

"At the present time it is apparent that the peoples of the United Nations are being led to believe that they can have their cake of sovereignty and that they can eat it in complete security.

This is not only untrue; it is dangerous. The matter is too important to be handled in such a cavalier fashion. Now, when basic decisions are being made, no possible harm could come from a clear statement setting forth the price which must be paid by all nations if permanent international security is to be achieved. It should be made clear that, if sovereignty is to be retained in its traditional form, the postwar security organization will be essentially and only a consultative agency whereby the 'peace-loving' states will have an opportunity to concert together in face of a threat to world peace and to determine upon common or joint measures. Sovereignty implies the right of a State to refuse, in any individual case, to participate in joint efforts to coerce an aggressor. A sovereign state undoubtedly will exercise that right when it is convinced that participation in the measures proposed would jeopardize its vital interests."

It seems to me that the F.O. Print makes one thing pretty clear, that the world organization, in so far as the subordination of national sovereignty and national interests to any international authority is concerned, will have, at the very most, no greater power than the old League. It will, however, have, we hope, the participation of the U.S.A. and Russia in its work from the outset. That seems to be its only essential advantage over 1919 which drives home the point that everything depends on the desire and ability of the three Powers to work together for peace.

Nowhere in the Print is there a clear statement that one of the principal objects of the Organization must be to diminish the number and intensity of disputes between the states and especially between the three biggest states. Nowhere is there recognition of the fact that the successful working of the various functional organizations, such as an international air transport authority, will increase world security, and that without their successful functioning it is improbable that a world security organization will work.

Peace and security can be established only as the result of a very high degree of cooperation between the states, and especially between the three biggest states. The more friction there is between the states the smaller will be the chance of securing the necessarily high degree of cooperation in the world security organization. Effective international institutions must therefore be established to diminish the chances of friction between the states and especially between the United Kingdom, the United States and the U.S.S.R. over such matters as commerce, finance, air transport, shipping, communications. Nations are not likely to go to war over these things, but they are not likely to cooperate to keep the peace if they are continually squabbling over them.

The above point, if made in the Print would involve changes of the following character in Memorandum A:

(1) A new paragraph after paragraph 5 or paragraph 6.

(2) A second "object" in paragraph 12 after (i) which might read somewhat as follows — "To lessen the number and intensity of disputes between states by the setting up of effective institutions for international cooperation in specific fields such as commerce, finance and communications."

(3) The addition to paragraph 17 of a clause — "just as reasonable security would be increased in a world in which these functional organizations are effective."

Another weakness in the Print is that it contains no recognition of the fact that the best way of ensuring that states honour their obligations in the Organization is to ensure that the advantages of membership outweigh the disadvantages, that the value of the privileges flowing from membership is greater than the weight of the obligations resulting from membership. The growth of effective functional organizations should make this possible.

It would, of course, be desirable if no member state were permitted to resign from the World Organization. Even if, for domestic political reasons, this is impossible, provision need not be made for the expulsion of members for dishonouring their obligations. Such members should be suspended from the privileges of membership in the World Organization, or the functional organizations, or both, at the discretion of the Council or Assembly. If the functional organizations are effective this would, in itself, be a powerful sanction.

To meet this point a paragraph on suspension of membership might be added after paragraph 21 of memorandum A.

In some respects, the Foreign Office proposals seem to be an improvement on the old League covenant. In others, however, they appear to be retrogressive. This seems particularly true in the place given in the Organization to the intermediate and small powers. This place is lower, on the whole, than it was in the old League. The weakening of the powers and prestige of the Assembly as opposed to the Council, is both a cause and a result of this tendency.

It is, of course, clear that there should be a real relationship between power and responsibility in the new world organization. It doesn't make international organization either more effective or more democratic if it is made as easy for Iran as for the U.S.A. to obstruct salutary action.

At the same time the history of the League proves that not small powers but big powers cause most of the trouble and prevent most of the solutions. It also shows that smaller powers — when not the pawns of larger — can do good and constructive international work. Would it not, therefore, be wise to give those smaller powers as much prestige and authority in the Organization as possible, without giving them power to block moves agreed on in the Council? Otherwise, the moral and world position of the Organization will be greatly reduced and it may become a sort of Holy Alliance with a great number of indifferent or resentful states outside the alliance. Even on the lowest terms, it is surely essential to construct an impressive, dignified, universal organization within which the Big Powers can co-operate, and which will add its moral

authority to the effective executive action of the smaller group of Great Powers.

The Assembly is that section of the world organization which will attract the most public attention and it will be the main outlet in the world organization for the views on international problems of the vast majority of states. It is, therefore, important from the point of view of the prestige of the Organization as a whole that the Assembly should be something more than a futile debating society.

If the proposals set forth in the Foreign Office Print were adopted I think there would be a danger of the Assembly being squeezed between the Council on the one hand and the functional organizations on the other. Some of the smaller states would soon become disillusioned, their Governments would be criticised for making comparatively large financial contributions to the organization, and they might withdraw. Many small states feel already that they are completely at the mercy of the great powers, a condition which would not seem to them to be very greatly changed by their membership in a world organization dominated by the great powers which did not even guarantee their political independence and territorial integrity.

For the above reasons, I think that the proposals made in the Print on the powers of the World Assembly should be widened and made more precise.

Specifically, the following powers might be given the Assembly:

(1) The Assembly (excluding the states with permanent seats on the Council) should choose the states to fill the non-permanent seats on the Council, and the non-permanent seats on the Military Staff Committee.

(2) The Assembly should elect:

(a) the Head of the Secretariat, who should hold office for, say, six years unless dismissed by the Assembly by a two-thirds vote, and

(b) the members of the World Court.

(3) The Assembly should meet not only once a year, but "from time to time as occasion may require," possibly at the call of the President of the Council.

(4) The Assembly should be the body competent to admit new members to the World Organization.

(5) The Assembly should make regulations governing the preparation of budgets and financial statements by the Council and, possibly, by the functional organizations. The Assembly also should approve the annual budget of and financial arrangements made by the Council.

(6) The Assembly should examine and approve the annual reports of the Council and of the Head of the Secretariat.

(7) The Assembly should have power to decide any matter referred to it by the Council.

(8)The Assembly should have power to determine its rules of procedure.

(9) The Assembly should have power to refer to subsidiary commissions, functional organizations, or any other appropriate agency, any matter within the sphere of its jurisdiction.

(10) The Assembly should have power to deal with any matter within the sphere of action of the World Organization not specifically assigned to some other authority.

I think also that the emphasis on membership of the Council might be altered somewhat. The approach to this problem should be to make membership on the Council as wide as possible, consistent with the necessity for speedy and effective action. The approach seems to be almost that membership should be on as narrow a basis as possible consistent with the unfortunate necessity of adding a few outside members to the Big Three or Four.

Furthermore, paragraph 13 of the covering note states that, while the Great Powers on the Council act only according to their own unanimous decision, other members of the Organization would be "bound to follow the decisions of the Council." In the light of this — and other provisions — para. 15 of Memo A, where it says "the status of all members is equal and all will enjoy the same rights," becomes meaningless. All members do *not* enjoy the same rights under the proposed scheme nor should they. But it is not necessary to violate this principle of theoretical equality so flagrantly as is done in the words of para. 13 of the covering note, which have been quoted above. This becomes worse in view of the proposed change to paragraph 26 of memorandum A. This paragraph originally provided that "where the interests of any state are specially affected, it should have the right of representation on the Council." This now reads "should have the right to lay its case before the Council." This is an important change, both of tone and substance, and not at all, I should think, a mere drafting alteration, as suggested by Professor Webster. We should do our best, as Mr. Ritchie points out, to return to the earlier wording.

I do not see how the intermediate or smaller powers could ever wholeheartedly, or even half-heartedly, support any World Council if, when their specific interests are being discussed by such a Council, or when specific obligations are being imposed on them, all they can do is lay their case before the Council. It may not be either necessary or desirable to go so far as to give other states rights of voting membership in *any* circumstances, but it should be possible to lay down the right of "participation" by non-members in a discussion before the Council, when their interests are immediately and specifically affected by such discussion.

My own view is that any decision of the Council by, say, a ⅔ vote (including the Big Three but not necessarily China) should be binding on the Council only. It should be binding on the members of the Assembly, not represented on the Council, only when accepted by those members under the same ⅔ majority rule. Once that majority is obtained, however, the minority must accept. There should be no veto by anyone in the Assembly. If the three Great Powers were willing to give up their individual right to veto a decision of the Council, the other powers might be willing to agree to abide by a decision of that body. But if each of the big powers keeps a *liberum* veto, the other powers can scarcely be expected to do more than agree to abide by a decision of ⅔ of their peers.

The covering note, para. 7, makes a somewhat ambiguous reference to the "British Commonwealth" as a member of the Organization. In spite of later

and less ambiguous references to the contrary, it might seem that by "Organization" in para. 7 is meant "Council" in view of the fact that only three other States, the United States, U.S.S.R. and France are mentioned. There should be no possible doubt on this score. The Great Powers include the United Kingdom, but not the British Commonwealth. We don't want double representation in the Organization.

There also appears to be some doubt in the minds of the authors of the Print as to whether there are Three or Four Big Powers. "China," for instance, is not mentioned in para. 7 of the covering note as one of the Big Powers, but *is* included in para. 11. Similarly para. 15 of memo A mentions "Four Powers" as enjoying a special position and accepting a special responsibility; also para. 13 of memo B and paras. 3 and 12 of memo C. On the other hand, para. 18 of memo A talks about the "Three Major Allies" while para. 27 mentions "Three *or* Four Powers."

Personally I do not find it easy to accept the idea that China should be one of the small inner group of Great Powers on whom any proposed world organization must principally rest; or that the Government of China will be able adequately to discharge the important responsibilities of such a position. It would, for example, be absurd to permit China to veto a decision of the Council on which the United Kingdom, the U.S.S.R., the United States and the representatives of the other powers were all agreed.

Would it not be better — if it were politically possible — to leave the matter open and merely refer to the "Great Powers," without any number, as is done in para. 4 of memorandum B.

The above comments cover questions of general import which appear in more than one of the Documents that make up the Print.

There are, in addition, one or two comments of detail on specific parts of the Print that I would like to make.

(1) *Memorandum A.*

(a) Para. 18 has been enlarged to provide, in Mr. Ritchie's words "a decent interment to plans for world organization on regional lines." Mr. Ritchie adds that the revised paragraph omits the reference to "regional associations coming into existence for electing representatives to a World Council." I would point out, however, that this idea, though it may be omitted from paragraph 18, is stated in paragraph 30 of the same memorandum.

(b) Para. 20. Should not the Associated as well as the United Nations be invited to become members?

(c) Para. 22. Surely members of the Organization should have wider rights than those of information and criticism. If rights need to be specified at all, should there not be added to those mentioned "advice and recommendation."

(d) Para. 24. I think it would be a great mistake if the World Assembly were given no control over finance and the admission of new members, or the suspension of members, especially in view of the proposed concentration of other powers in the hands of the Council.

(e) Para. 26. Is it not a mistake to include the word "always" before "be represented on it." Even if it is necessary to include China with the other Three Powers among the "Great" it is surely unwise and unnecessary to make that inclusion perpetual.

(f) Para. 34. I doubt very much whether the World Council, as proposed, is the proper body to give common direction to the functional bodies. The Council will be concerned primarily with political and security questions. Its members may be neither interested in nor competent to give direction to the work of the functional bodies. Such direction might be given by a separate Economic and Social council, also responsible to the World Assembly, and consisting of representatives of those countries playing the most important part in the work of the functional bodies. I do not think that it should be linked up with the "Big Four" political security council in any way. The directing work of this second council might be supplemented, on the administrative level, by a committee consisting of the Director Generals of the various functional organizations. Indeed, it might not be necessary to have *any* Council between this Economic and Social Committee and the World Assembly.

Memorandum D deals briefly with this particular subject. It visualizes an economic and social secretariat attached to the world council. This economic and social secretariat might be the administrative Committee mentioned above, responsible to the world Economic and Social Council, and ultimately to the World Assembly.

My idea is that the World Council is itself, in a sense, a functional body, though dealing with the most important function of all — Peace and Security; as such, therefore, it should have no greater control over the other functional bodies than they have over each other.

(2) *Memorandum B.*

(a) Para. 9. Why should it not be compulsory to refer all justiciable disputes to the Permanent Court and why would this make it necessary to allow States to make certain reservations?

(b) Para. 13. I can see no reason, as previously stated, why China should be given a veto power over every decision of the Council.

(c) Para. 14. The first sentence reads "States are not likely to bind themselves to accept the decision of the Council." What force, then, would such decisions have? This contradicts para. 13 of the covering note. Which prevails? This is too important a point to be uncertain about.

(d) Paras. 17 & 20. I think the proposal to omit any guarantee of territorial integrity is a good one as it would make "peaceful change" easier. It is true that article 19 of the Covenant was of no great value. That, however, might not have been the case if there had been no article 10.

(e) Para. 32. I think we ought to omit all references to the World Council acting on behalf of the other members of the organization. It will merely give rise to needless irritation and suspicion and doesn't really mean anything.

(3) *Memorandum C.*

(i) This memorandum is not entirely consistent with the previous memoranda, e.g., the objects of the Organization are stated intelligently in para. 12 of Memorandum A. and far less intelligently in para. 3 of Memorandum C.

(ii) The comments of the Canadian P.H.P. Committee on the February 3, 1944, draft[1] of Memorandum C. are applicable to this latest draft.[14]

(iii) (a) Para. 3. I question the desirability of giving such unnecessarily strong emphasis to the fact that the permanent and main object of any World Organization is the disarmament of Germany and Japan. I think, therefore, the order of the objects in paragraph 4 should be altered as follows: (c), (a), (b). Surely (c) is by far the most important object and should be first.

(b) Para. 7. I do not agree with the statement that an International Police Force implies the existence of a world state. No argument is made here against such a Force. The idea is merely dismissed. It is quite clear that there can be no general international police force at this time. Surely it is arguable, however, that a nucleus of such a force might be attached to the World Council to be used for special, if limited, jobs in specific places.

(c) Para. 12. I wonder whether it is wise to lay down so categorically now that the four permanent members of the Military Staff Committee should come from the Four Powers, with only a vague and shadowy association with that committee granted to other powers. Here again the position of China is not such as to justify her inclusion, or the exclusion of others, in international police action; especially as such action will likely be far more naval and aerial than military. China can now make practically no contribution to such form of police action. Canada and France could make an important contribution.

(d) Para. 15. No country not represented on the Council or on the Military Staff Committee is likely to allow these bodies to decide, without its own approval, the size and composition of its quota of force to deal with an emergency, so long as the permanent members of the Council are subject to no such limitation on their freedom of action. The psychological effect of constant cooperation between quota forces is as important as stated in this paragraph. It is almost as important, in fact, as the psychological effect of constant cooperation within the Military Staff Committee. That Committee should not, therefore, be restricted to four nations.

Yours sincerely,

L. B. PEARSON

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[14]Voir le document 356./See Document 356.

**370.** DEA/7-Vs

*Le chargé d'affaires, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Under-Secretary of State for External Affairs*

TOP SECRET Washington, July 27, 1944

Dear Mr. Robertson:

I have been giving some thought to the proposals made in the United States paper of July 18th on the establishment of a general international organization[15] and have the following comments to make:

A. *Character of the Organization.*

The United Kingdom statement of objects, amplified as suggested in my letter of July 16th, seems to me more satisfactory than the brief United States statement of purposes. The United States statement of methods is good as far as it goes but is incomplete. It should include some such clauses as "facilitate the establishment and maintenance of effective institutions and agencies for international cooperation in such matters as commerce, finance and communications in order to lessen the number and intensity of disputes between states, by promoting solutions of international economic and social problems," "provide for the regulation and limitation of national armaments and armed forces and for the control of the manufacture of arms and the international traffic in arms."

Paragraph A4 of Section 1 of the United States paper on regional organizations is probably preferable to paragraph 18 of United Kingdom memorandum A,[16] though there is not much to choose between them. I am glad the United States paper does not follow the United Kingdom paper (memorandum A, paragraph 30) in giving a blessing, even though qualified, to the idea of representation of regions on the Council.

Paragraph D2 of Section 1 of the United States paper is good. It will be interesting to see how the United States develops its ideas on territorial trusteeship responsibilities. They have so far left their Section IX on this point a blank. You will recall that the United Kingdom, as they pointed out in paragraph 14 of their covering memorandum,† deliberately did not mention the colonial question but preferred to leave it to the United States government to raise the question if they so desire. It is, I think, good that they have done so.

B. *Assembly.*

The United States proposals on the powers of the Assembly appear to be satisfactory, subject to the qualifications mentioned elsewhere in this letter.

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[15]Voir États-Unis./See United States, *Foreign Relations of the United States*, 1944, Volume I. Washington, U.S. Government Printing Office, 1966, pp. 653-69.

[16]Voir le document 367, note 13./See Document 367, footnote 13.

They certainly seem more satisfactory than the proposals in the United Kingdom paper. The proposal that in voting on financial questions the voting power of each state should be proportionate to its contribution to the expenses appears desirable. It ought to curb some of the Latin American states. It does, however, run counter to the "sovereign equality" idea, which makes it all the more necessary to be careful how these words and others like them, e.g. "equal rights" are used.

C. *Council.*

1. Subject to the qualifications made elsewhere in this letter, the provisions in the United States paper on the Council appear satisfactory, except that the Council surely cannot, as both the United States and the United Kingdom suggest, be given a blanket grant of power to "act on behalf of all members" of the Organization. I am also not certain of the wisdom of rotating annually all the non-permanent seats on the Council. As the United Kingdom memorandum points out (memorandum A, paragraph 28) the principle of rotation deprives the Council of experienced statesmen. It is to be hoped that the Council should be empowered by a simple majority vote (not necessarily including the concurring vote of all permanent members) to assume on its own initiative or on reference to it of jurisdiction over disputes. The permanent members ought to be satisfied with their veto power over (1) the terms of settlement of disputes, (2) negotiations for a general agreement on the regulation of armaments and armed forces, (3) determination of threats to the peace, and (4) the institution and application of measures of enforcement.

2. The proposal that France should as soon as possible become a permanent member of the Council is to be welcomed. The naming of France, as well as China, to be permanent members of the Council might make it possible to restrict the veto power to the United States, United Kingdom and U.S.S.R. This would mean that there would be three groups of states in the Council:

(1) United States, United Kingdom, U.S.S.R.: permanent members, each with a veto over the four points listed above;

(2) China and France: permanent members, but without a veto;

(3) Six non-permanent members.

China and France would thus be labelled as marginal great powers. They would not like that but it is the only way which occurs to me by which we could remove from China the right of veto.

3. The United States proposes that the Council should make decisions on the imposition of sanctions, etc., by a majority vote including the concurring vote of all permanent members. Since the Council's membership is 11, this means that the five permanent members, if agreed, need secure the support of only one of the six non-permanent members in order to get a binding majority decision. The United Kingdom proposes a two-thirds majority of the Council, which, in a Council of 11, would mean the five permanent members plus three out of the six non-permanent members. So long as each of the permanent members of the Council, or even three of them, preserves a veto, it would seem to be reasonable that two-thirds (4 out of 6) of the non-permanent members

should also be able to exercise a veto. Consequently, the United Kingdom proposal for a two-thirds majority of the Council on questions such as the imposition of sanctions would seem preferable to the U.S. proposal for a simple majority. The United States proposal for a simple majority (not necessarily including the concurring votes of all permanent members) on all questions other than the five (or preferably four) specifically listed, seems sound.

4. The useful United Kingdom suggestion (memorandum A, paragraph 38, and memorandum B,[†] paragraph 32) that the Head of the Secretariat should have the right to bring before the Council any matter which, in his opinion, threatens the peace of the world, is not included in the United States paper. A small change in paragraph 5 of Section V of the United States paper would remedy this.

5. The United States paper proposes that "any state not having a seat on the Executive Council should be entitled to attend and to be heard on matters specially affecting that member." This is better than the corresponding United Kingdom proposal (memorandum A, paragraph 26) that "where the interests of any state are specially affected it should have the right to lay its case before the Council." I would prefer, however, a provision to the effect that any member state not represented on the Council should be entitled to participate, without a vote, at Council meetings during the consideration of any matter specially affecting its interests.

6. Provision should also be made that, with the approval of a majority (or perhaps a two-thirds majority) of the Assembly, the Council may by a two-thirds majority (including the concurring votes of the United States, the United Kingdom and the U.S.S.R.) fix the number of members of the Council and the conditions of their membership.

D. *Obligations of member states arising out of decisions of the Council to impose economic and armed sanctions*

1. A decision of the Council should be binding on all members of the Council. (This may have the fortunate result of deterring states from seeking non-permanent seats on the Council). The United States and the United Kingdom propose that the Council decisions should also bind all member states.

2. Under the United States proposals, however, the new covenant does not, of itself, create an obligation to assist in applying armed sanctions. That obligation will arise out of the general security agreement which the Council is to formulate and put before member states, and no member state will incur any obligations under this security agreement unless it signs and ratifies the security agreement.

3. The United Kingdom proposal seems to be that the Council, on the advice of its Military Staff Committee, can order the members of the Assembly to assist in applying armed sanctions.

4. The weakness in the United States proposal is that it sidesteps the problem of how to organize armed sanctions. If the experience of the League repeats itself, we shall be debating fifteen years from now the merits of the latest draft of a general security agreement — the discussions up to then having been

abortive. It would, therefore, be better if the instrument creating the World Organization gave rise of itself to some obligation on the part of all the member states to assist in applying armed sanctions.

5. Perhaps a solution might lie in some such proposal as the following. All the members of the Council shall be bound by a two-thirds vote of the Council to apply economic, commercial, financial or armed sanctions. All the members of the Organization shall, if so requested by the Council by a two-third's vote,

(a) cooperate with the Council in obtaining the information necessary for action and in appropriate measures of publicity;

(b) take part in concerted diplomatic measures;

(c) refrain from giving assistance to any state contrary to preventive or enforcement action decided on by the Council.

All the members of the Organization shall, if the Assembly ratifies a recommendation of the Council by a two-thirds vote, impose the necessary economic, commercial, financial and armed sanctions. If the two-thirds vote cannot be secured, the Council's recommendation should bind only the members of the Organization who vote in favour of ratifying the Council's recommendation.

6. The possibility should be explored of imposing some deprivation of privileges of membership on those states who, by voting against ratification of the Council's recommendation, make it impossible to get a two-third's majority. Perhaps this deprivation might apply if there were a simple majority in favour of ratifying the Council's recommendation but not a two-third's majority.

7. The delay involved in convening the Assembly need not be great. Provision could be made that the Assembly could be convened in extraordinary session on five days' notice. Representatives of all nations ought to be able to reach the meeting place in two or three days by air.

E. *Arrangements for Economic and Social Cooperation*

The section on this in the United States paper is good. An Economic and Social Council responsible to the Assembly would be a far better supervisory and coordinating agency for the specialized bodies that the World Security Council. I am not sure, however, that 24 states need be represented on this Council. I should think 15 to 18 would be enough. Otherwise the Economic and Social Council would become unwieldy since it will also have present at its sessions non-voting participants from eight or so specialized organizations. In addition to the Economic and Social Council there should, I think, be an Advisory Council consisting of the Directors-General of the specialized bodies meeting under the Chairmanship of the Director-General of the World Organization.

F. *Procedure of Establishment and Inauguration*

It would be absurd if the failure of China to ratify the new covenant should prevent it from coming into force. The covenant should come into force when

ratified by fifteen states including the United States, United Kingdom, and U.S.S.R. — but not including China, as the United States paper proposes.

Yours sincerely,

L. B. PEARSON

**371.** Dea/7-Vs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*[17]

*Secretary of State for External Affairs to Dominions Secretary*[17]

TELEGRAM 64 Ottawa, August 2, 1944

IMPORTANT. SECRET. Future World Organization.

1. On May 29th we informed the United Kingdom Government that their five preliminary memoranda on "Future World Organization"[1] provided, in our view, a satisfactory basis for initiating discussions with the United States and Soviet Governments. Since then further consideration has been given to these memoranda, and some attention has been devoted to the outline of the United States document contained in your telegram D.1061 of July 25th.[1] As a result we feel that it may be useful to express some further views of a general character before the discussions in Washington with the U.S. and Soviet representatives begin on August 14th.[18] We have not yet, of course, had an opportunity of studying the full text of the United States proposals or of weighing carefully the outline of them which we have received.

2. We are glad to note that there is much common ground between the United Kingdom and United States suggestions both as to the form of the World Organization and as to the authority which it should exercise for the maintenance of peace.

3. Both plans recognize that the essential foundation of a working security system is the continued collaboration of the three greatest military powers. We fully agree that it is necessary to maintain within the international organization an effective alliance of these powers directed to the preservation of peace by agreed methods. On the other hand both plans recognize "the principle of the sovereign equality of all peace loving states" which was incorporated in the Moscow Declaration, although it is not altogether clear in fact in either scheme what the practical application of this principle means. We have been particularly concerned over the methods whereby these two major objectives can be reconciled.

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[17]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
Mr. Acland says P[rime] M[inister] has approved. M. McK[enzie]

[18]En réalité, elles ont commencé le 21 août.
They in fact began on August 21.

4. Naturally we are bound to pay special attention to the position proposed for secondary states in the new organization. We feel that this should receive careful and anxious attention in the Washington talks, and that the special place accorded to the Great Powers should not be extended beyond functions in which their active collaboration is indispensable. If they are given too large an authority and too extensive a right of individual veto the result may be that membership will not be sufficiently responsible to secure the participation of important secondary states whose full collaboration would be of the greatest value.

5. The reason why the largest powers are given in both schemes "permanent membership" or "continuing tenure" on the Council and special rights of veto inside the Council is because of the great weight they exercise in international relations through their military and economic power. A simple division of states between Great Powers and the rest, however, is completely unrealistic; in our view the same selective principle which warrants a special position for the Great Powers should be applied as far as possible to all members of the organization in such matters as frequency of election to the Council, membership of functional bodies, control of finance and so on. It would be absurd to treat all states other than the Great Powers on a basis of equality in these matters; this, of course, is recognized in paragraphs 28 and 29 of Memorandum A of your proposals.

6. Therefore, if power and responsibility are to be made to correspond, the differences in function which should be incorporated in the structure of the organization must in our view extend well beyond the giving of a special place to the Great Powers. While some attention must doubtless be paid to the proper representation of regions in any methods adopted for reducing to a workable executive group the whole number of member states, we feel that other considerations are equally or more important. In the case of the Council a major consideration should be the relative military power of the member states; the actual contribution towards the defeat of Germany and Japan provides one convenient and very relevant criterion for assessing this.

7. We feel in general that the purposes of the organization should be broadly defined and should include reference to international co-operation in matters such as trade, communications, finance, health and social welfare, as well as to the preservation of security and control of armaments. The statement of purposes might well directly relate to the central problem of security the importance of collaboration in these fields.

8. We are concerned over the very extensive powers proposed for the Council in both the United Kingdom and the United States plans, and we feel that the requirement of unanimity among the permanent members should be narrowly defined. While it may prove essential to give the Soviet Government, for instance, a right of veto on action by the Council of certain kinds, it would not be essential to give the same treatment to China. Might China be given continuing membership without the other special rights of the Great Powers?

9. The greater the authority of the Council the more important is it that states not represented on it should have the right of effective participation

when matters closely touching their interests are under discussion. We feel that the mere right of access to the Council in such circumstances is not enough, and that right of participation or temporary membership should be provided.

10. We doubt whether many states without permanent Council seats would be ready to join an organization in which the Council's decisions on grave issues, involving action on their part, would be binding on them. It may be necessary to make such decisions binding only on states represented on the Council, at least until they have been also approved by the Assembly.

11. It follows as a general conclusion that we feel that the importance of the Assembly should be enhanced and we are attracted by the United States proposals on this point. We doubt that an assembly possessing little more than the right of information and criticism would be an institution of value. Our hope would be that, through the Assembly and the functional international bodies, general support for all the activities of the World Organization would be generated and extended. The Assembly should, therefore, be given as wide powers as is consistent with the retention for the Council of its essential function of initiating action to guard world peace.

12. We favour the general supervision by the Assembly of international economic and social activities, and possibly also the creation of an economic and social council on the lines of the United States proposal. We should prefer to see these matters separated from the scope of the World Council except insofar as they relate directly to security. The Council might be regarded as being itself the most important of the functional bodies, charged with the supreme duty of maintaining peace.

13. There are many other important questions on which we have not felt it necessary to comment in advance of the Washington meetings. The views put forward in this telegram are intended rather to be in amplification of the United Kingdom proposals, with special reference to the situation of secondary states, than in criticism of them.

**372.** DEA/7-VS

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 120 London, August 21, 1944

IMPORTANT. TOP SECRET. My telegram August 8th, No. 115.[1] Future World Organisation.

We have now had time to study your telegram of August 2nd, No. 130. Copy has been given to our Delegation in Washington and they will bear your views in mind in the discussions now about to open. You explained that your views are intended to be in amplification of our proposals with special reference to situation of "secondary" States. We trust that it will be recognised that our memoranda[1] were essentially preliminary, and on a number of points we

deliberately confined ourselves to alluding to the problems to be solved without committing ourselves to any particular way of solving them. We still have an open mind on many of them and should prefer not to crystallize our own views before the talks are held. Following comments on your telegram should, therefore, be regarded as preliminary and non-committal. Copy is being sent to our Delegation.

2. We are, of course, in general agreement with you on your main thesis that the organisation must not be so dominated by Great Powers as to deny to other countries share of responsibility commensurate with their standing in the world and run risk of failing to attract their interest and collaboration. We agree that in deciding which States, other than Great Powers, should be elected to Council, weight should be given to difference in power and status and functional importance, as well as to need for representation of different regions of world. But we feel that any system which attempted to classify secondary Powers in different categories might arouse antagonism to the organisation at the outset. Moreover, with reference to your paragraph 6, it is questionable whether any special weight should be given to military power as a qualification for election. It is by no means certain that it would operate to advantage of British Commonwealth countries. As regards suggestion that part played in present war by candidates for Council should be a relevant criterion, this will no doubt be the case to some extent in the early post-war years, but it will be impossible to ignore claim of European countries whose cooperation will be essential, though their contribution to victory may have been limited because, owing to their geographical situation, they have been overrun by the enemy. A feature common to both our own and United States papers[†] was that non-permanent members of Council should be elected by Assembly. As stated in paragraph 1 of my telegram Circular D. 1112 of August 8th,[†] our Delegation are to aim at a Council of 9 to 12 members and we infer that this would accord with your views. Beyond this, it may well be best to leave qualifications of various members for sharing in responsibility for dealing with different subjects to be recognised in practice by their selection for Committees, Chairmanships, etc.

3. Your paragraph 7. We agree that due place must be given to economic and social aims in any declaration of objects of Organisation. They were included in paragraph 12 of our Memorandum A.

4. Your paragraph 8. We had previously considered point you make about China and had concluded that on one hand a suggestion for differential treatment of China would meet with United States objections, and on other hand, for a long time to come, China is likely to depend so much on the other three Great Powers that she is unlikely to pursue an independent policy in matters affecting international peace and security on which the other three are in agreement.

5. Your paragraph 9. We agree that States not represented on Council must not feel that their interests are being affected by decisions taken over their heads. It should be possible to guard against this in setting up the machinery of

the Organisation and we feel sure that our delegate will have this point in mind.

6. Your paragraph 10. It will have been seen that paragraph 14 of our Memorandum B does not go nearly as far as section VI of United States proposals. Your suggestion, however, that States which are not members of Council should be dispensed from observing Council decisions until endorsed by Assembly would seem open to objection that delay involved would endanger speed and consequent effectiveness of action to prevent aggression.

7. Your paragraph 11. It was not intention of paragraph 22 of Memorandum A that Assembly should be limited to right of information and criticism. We think it should be a forum for general ventilation of views and a focussing point for interest of public opinion in all countries. It may well prove desirable that it should have more extensive functions.

8. Your paragraph 12. We agree that Assembly should be in touch with economic and social activities. On other hand, when these are assigned to special functional bodies with their own constitutions and machinery for reaching decisions, there might be some risk, if Assembly were also given powers in these matters, of dissatisfied countries trying to use it to reopen matters already decided elsewhere. There is some advantage in specialised organisations being reasonably self-contained. Some coordination with each other will be needed, but while Assembly might well take an interest in their proceedings and policies, it might not be the best coordinating body.

9. Generally we would recall that proposals emerging from the Washington talks will be subject to further consideration among members of British Commonwealth and to discussion by all the United Nations.

**373.** DEA/7-ADs

*Extrait du procès-verbal d'une réunion du comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of Meeting of Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] August 25, 1944

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2. *World Security Organization.*

Mr. Wrong stated that the Government was receiving a great deal of information on the proceedings at Dumbarton Oaks. On each day on which sessions were held, the United Kingdom delegate held meetings with the representatives of Commonwealth governments in Washington and outlined what had taken place. At present there was little which could be done except to study the proceedings in Washington. The general views of the Canadian Government had already been sent to London and there was not much which could be added to them just now.

Mr. wrong thought that if the experts of the Four Powers agreed upon proposals, even though their governments were not committed to them, these proposals would be published. It was the intention to submit the proposals to the other United Nations and it was felt certain that they could not be kept secret after they were given such wide circulation. He suspected that there would be some outcry from the other countries and that possibly some of them would refuse to take part in the organization as proposed by the Great Powers. The Dominion governments were in a special position in that they were the only governments aside from the great powers to know what was going on. All of them had taken a strong line concerning the rights of smaller countries. As in the case of the draft instrument of surrender,[19] the Canadian Government was putting forth views which might be expected from other lesser powers.

Mr. Wrong thought that at the next meeting of the Working Committee some concrete proposals might be ready for study. Urgent consideration might be necessary of such matters as the proposed form which sanctions might take. He felt more certain now than he had several weeks previously that there would be agreement between the Great Powers but not that this agreement would be palatable to the other countries. Canada had two points of view to consider. We did not want to throw a monkey-wrench into the harmony among the Great Powers but, on the other hand, we wanted to protect the Canadian position as well as that of other small countries. Canada had expressed her views firmly and he was inclined now to let some of the other countries carry on the argument for a while.

In answer to a question from Lt. Col. Collinson concerning the Soviet proposal for an International Air Force, Mr. Wrong said that although this proposal was somewhat obscure as it appeared in the text of the Soviet plan, it had been learned that in the Washington discussions the Soviet representatives had made it clear that they were interested in a really international Air Force.

It was agreed that additional documents on this subject would not be circulated to members until the terms of some agreed plan came from Washington.

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**374.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassade aux États-Unis*

*Secretary of State for External Affairs*
*to Embassy in United States*

TELETYPE EX-3579 Ottawa, August 28, 1944

FOR IMMEDIATE ACTION

SECRET. Following for Pearson from Wrong, Begins: You have suggested by telephone and in several communications that it would help you if we could

[19]Voir le volume 10, document 664./See Volume 10, Document 664.

give some further statement of views on certain questions arising from the discussions on world organization. On the points which you have raised I can only give you my own opinions which are, I think, shared by some others in the Department. They are as follows:

1. I think it would be preferable for the document resulting from the Washington discussions to be submitted to other United Nations before it has been approved by the Governments of the U.S., U.K. and U.S.S.R. This would confront the other Governments with less of a *fait accompli* and make subsequent modification easier. The United States Government may in any case insist on this course with their eye on the Senate.

2. As to publication of the document, unless it is made public soon after the conversations end, its contents will almost certainly leak to the press. On the other hand there is something to be said for its communication to other Governments before publication. What might be done is to communicate it to other Governments as soon as possible after the meetings and to announce that it would be released on a definite date. Early publication has the advantage that public discussion and education on the proposals would be useful before Governments are committed.

3. You have asked more than once whether we could give guidance on the extent of the right of veto for the Great Powers in the Council which in our view could be accepted. I find it hard to make up my own mind on this. The issue may be more formal than real since on matters of the first importance it is not likely that any proposal would be put to the Council which any of the Great Powers was unwilling to accept. I have some sympathy with Smuts views on this matter[20] but I think the right of veto will have to be admitted in some degree in order to secure both U.S. and Soviet membership. It seems certainly undesirable that it should apply to the assumption of jurisdiction over disputes by the Council. I note that Section III C., paragraph 5, of the U.S. proposals recognizes that some separate voting procedure is needed for dealing with disputes in which one or more permanent members of the Council are directly involved. I gather that consideration of this problem has not yet taken place at the meetings.

4. With regard to the selection of non-permanent members of the Council, you will have noted from paragraph 2 of Dominions Office telegram No. 120 of August 21st that while they agree with our thesis they seem to consider it impracticable to attempt to give effect to it. I wonder whether this may not be a matter which is best left open for later consideration, especially in the light of the obligations assumed by Member States to furnish forces under the agreement contemplated in Section VI D., paragraph 2, of the U.S. memorandum.[†] This paragraph has been accepted in principle at Dumbarton Oaks. The main agreement might set the size of the Council and provide for election by the Assembly but specify that eligibility, etc., would be determined in a later agreement in the light of the military obligations assumed by Member States,

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[20]Smuts pensait que les décisions du Conseil devaient être prises par un majorité dans tous les cas. Smuts thought that Council decisions should be taken by majority vote in all cases.

their financial contribution and so on. This may be a bad idea and I am not sure that there is anything in it. Ends.

**375.** DEA/7-Vs

*Mémorandum de l'assistant, le ministère des Affaires extérieures*

*Memorandum by Assistant, Department of External Affairs*

SECRET Ottawa, August 31, 1944

FUTURE WORLD ORGANIZATION.

A meeting was held in Room 123 on Tuesday, August 29th, to consider the reports which had been received of the conversations on world security taking place at Dumbarton Oaks. The following present: N. A. Robertson, A. D. P. Heeney, H. H. Wrong, J. E. Read, H. L. Keenleyside, P. E. Renaud, G. de T. Glazebrook, F. H. Soward, J. W. Holmes.

Mr. Wrong reviewed in detail the views which had been expressed on the documents submitted by the United Kingdom, United States, and Soviet Governments.[21]. In the course of the discussion the following ideas were put forth:

1. Those present agreed with the United Kingdom and United States view that functional bodies to deal with economic and social questions should be linked to the security organization. The possibility was suggested that there might be a single Assembly but that the Council as envisaged in current proposals should be limited in its function to responsibility for security. While primary responsibility for control of the economic and social organizations would rest with the Assembly, a separate executive council for economic and social purposes would be established. Representation on the latter Council would be based on economic rather than military importance.

2. With regard to the selection of non-permanent members of the Council it was suggested that no attempt be made in the present instrument to establish criteria for membership and that the first election to the Council should be *ad hoc*. A separate agreement would be made in which it would be provided that eligibility for membership would be based on the tangible contribution which the state was prepared to make to the forces needed for maintaining security and the financial contribution it was prepared to make to the world organization. In general it was hoped that ways might be found to emphasize the responsibilities and obligations rather than the prestige which should be associated with membership on the Council.

3. The possibility was considered of adopting the reverse lend-lease principle to govern the contributions which might be required from states which could not or would not contribute armed forces. It was suggested that pecuniary

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[21] Voir États-Unis/See United States,
*Foreign Relations of the United States*, 1944, Volume 1. Washington, U.S. Government Printing Office, 1966, pp. 653-69, 670-93, 706-11.

contributions might be more realistic than the offers of armed forces of dubious value.

4. Consideration was given to a proposal that the Canadian Government should seek to place in the hands of all the United Nations with which it had diplomatic relations a statement of Canadian views on the organization of security, with emphasis on the point of view of the lesser powers. It was thought that it might be advisable to begin in advance to proselytize other governments in the view that distinctions should be broken down so far as possible between the Great Powers and the other states. The question was raised as to whether this expression should come before the draft prepared by the Great Powers was submitted to the other states or whether it should come as a comment on this draft after it had been circulated.

5. The recommendation was made that the draft agreed upon at Dumbarton Oaks should be submitted to the other governments before it had been ratified by the Four Governments concerned in its preparation. The danger that the draft would not remain secret after it had been distributed was recognized, and it was suggested that publication be postponed until a definite date shortly after it had been distributed.

J. W. H[OLMES]

**376.** PCO

*Extrait du procès-verbal du comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,[1] August 31, 1944

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FUTURE WORLD ORGANIZATION;
PROGRESS OF FOUR POWER DISCUSSIONS

19. THE ASSISTANT UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS reported on the progress of current discussions between the United Kingdom, the United States and the U.S.S.R.

These discussions were to be followed by similar discussions between the United Kingdom, the United States and China, and subsequently it was anticipated that an agreed document would be submitted to the United Nations as a preliminary to an international conference.

Reports[1] of the Washington meetings from the Canadian Embassy and from the U.K. government had been very full. In general, the plans under consideration involved the setting up of an organization to be composed of an "Assembly" and a "Council," although the exact powers of each had not yet been very clearly defined. The Council would have more extensive powers than those of the Council of the League of Nations, and it would be in a position to take jurisdiction over disputes, recommend settlements, impose sanctions, and call for military action. Its decisions would be binding on all members. The

Assembly would be more in the nature of a forum for open discussion and its recommendations were not likely to be binding on the Council.

Decisions of the Assembly would, on important questions, probably be by two-thirds majority, but in the Council it was likely that the concurrence of all of the Great Powers would be required.

The Council would be composed of permanent members (the United Kingdom, the United States, the U.S.S.R. and China, and, at a later date, France) and probably six non-permanent members. There would also be a Secretary General and a new or revised World Court. A special agreement was contemplated by which member nations would allocate certain quotas of their national forces and other facilities to be at the disposal of the Council if the Council decided that military action was required to deal with a dispute.

Points of particular concern to Canada were: the danger in allowing a permanent member of the Council to vote in a dispute to which it was a party, thus granting it a virtual right of veto; the extent to which the Assembly should have general responsibility for the supervision of functional organizations in the social and economic field; and the method by which non-permanent members would be selected for the Council. It might be desirable, in this connection, to suggest to the U.K. government that in the rules governing selection consideration should be given to the size of national forces to be made available to the international security organization and the financial appropriations made to this and other international organizations.

Some functional criteria of this character would help to protect the position of Canada and other intermediate nations.

20. THE PRIME MINISTER drew attention to the vulnerability of Canada in any future world war and to the importance to Canada of the function that a powerful and effective world organization might perform in such an event; Canada would be in a much more difficult position if no such world security organization were established. For this reason alone it would merit Canadian support.

21. THE WAR COMMITTEE, after further discussion, noted the report submitted, agreeing that a communication to the U.K. government be prepared for approval of the Prime Minister, covering points of particular interest to Canada along the lines indicated in the discussion.

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**377.** DEA/7-Vs

*Le chargé d'affaires, l'ambassade aux États-Unis,*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States,*
*to Secretary of State for External Affairs*

TELETYPE WA-5116 Washington, September 1, 1944

IMMEDIATE. TOP SECRET. Post-War World Organization.

At Cadogan's meeting last evening he told us that considerable progress had been made in the Organization Sub-Committee on the functions of the Assembly and procedure for dealing with threats to and breaches of the peace. Several important points, however, have been reserved for further discussion today, so I will not send you details of what has happened until these points are cleared up.

2. Personally, I am somewhat encouraged by the developments of the last two or three days. Whereas the Russian draft, which is the least favourable to the intermediate and smaller States' position, was accepted as the basis of discussion at the Conference, they now seem to have got pretty well away from that draft, and the United States draft is really the one that is being used. This is, I think, the best of the three drafts from many points of view.

3. A Sub-Committee on Nomenclature is recommending that the Organization be called merely "The United Nations," the basic instrument to be known as "The Charter," and that the general body be called "The General Assembly" and the smaller body "The Security Council." The Chairman of these bodies will be known as Presidents, and the Chief Executive Officer as the Secretary-General.

4. The Legal Sub-Committee has recommended that the Permanent Court should be attached to the Organization and its statute become a part of the Charter. The Russians, somewhat surprisingly, advocate that the statute should not be considered at the Dumbarton Oaks meeting, but should be reserved for the general United Nations Conference.

5. I had a long talk with Hickerson yesterday about Dumbarton Oaks developments and he gave me the impression, after I had discussed with him our preoccupation that the role of the intermediate and smaller States was being somewhat neglected in the proposed Organization, that the Americans were very alive to this, more so than the British, and that if we had any ideas on the subject they would be glad to get them. Do you not think it might be wise if I discussed with him personally and, of course, non-commitally, in greater detail than I have already done, our views on this subject? Ends.

**378.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires, l'ambassade aux États-Unis*

*Secretary of State for External Affairs*
*to Chargé d'Affaires, Embassy in United States*

TELETYPE EX-3684 September 2, 1944

IMMEDIATE. TOP SECRET. Your message WA-5116 of September 1st, final paragraph. I agree that it would be wise for you to discuss with Hickerson in greater detail our views on the proper role of intermediate states in the new world organization.

379. DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 157 Ottawa, September 4, 1944

IMPORTANT. TOP SECRET. Your telegram No. 120 of August 21st. Future World Organization. We are very grateful for the information on the course of the talks at Dumbarton Oaks given in your Circular telegrams[1] and conveyed by Sir Alexander Cadogan to the Canadian Minister in Washington. Since the prospects are bright that the discussions will soon end in agreement, we think it timely to supplement our previous comments as follows.

2. We continue to attach importance to the procedure governing the selection of non-permanent members of the Council, and we feel that it would be unfortunate if the statement approved at Dumbarton Oaks were only to provide that there should be probably six members elected by the Assembly for a term of perhaps two years. The course of events at the last International Labour Conference and at the Bretton Woods meeting showed how powerful and at times distorting can be the influence of blocs of states such as the Latin American group. At Bretton Woods 19 of the 44 delegations represented Latin American countries. If the new world organization includes as original members the same countries, the Latin American group would make up half the states (19 out of 39) available for selection for non-permanent Council seats. Unless rules governing eligibility are developed, a claim for three of the six elective seats is almost certain. The suggestion of the United States delegation that Brazil should have a permanent seat naturally increases our concern and we have been glad to learn that this has been strongly opposed by the British representatives.

3. Since the prevention of war is the main function of the Council and since under the scheme its final sanction will be to employ the forces placed at its disposal by Member States in the contemplated special military agreement, we continue to think that non-permanent membership should in some way be related to a dispassionate appraisal of the probable effective contribution of states to the maintenance of security. You will, I am sure, appreciate how difficult it would be for Canada, after enlisting nearly one million persons in her armed forces and trebling her national debt in order to assist in restoring peace, to accept a situation of parity in this respect with the Dominican Republic or Salvador.

4. If it is not possible to work out during the Washington talks an agreement embodying this principle (which was further developed in paras. 4-6 of our telegram No. 130 of August 2nd) we suggest that in the agreed document recognition should be given to the validity of the principle, and provision made that eligibility for election to the Council should be the subject of a later agreement embodying such criteria as the responsibilities accepted by Member

States in the proposed special military agreement whereby countries will place forces and facilities at the Council's disposal, and also the financial contribution of Member States to the expenses of the organization.

5. With regard to voting in the Council, we welcome the conversion of the United States delegation to the United Kingdom view that parties to a dispute, whether permanent or elected members, should not vote. It is not clear to us whether any further restriction is contemplated on the requirement of unanimity among the Great Powers. We consider that this requirement should at least not be imposed for decisions concerning the assumption of jurisdiction over disputes by the Council, and that it should, if possible, be limited to decisions on measures for the enforcement of settlements. It is in fact very unlikely that any important question would be put to the Council over the opposition of the Soviet, United States, or United Kingdom representative, and still more unlikely that if such a question were put two-thirds of the members would support it. Moreover the more elaborately the special position of the Great Powers is defined, the harder will it be to convince public opinion in secondary states that they have a responsible role in the new organization.

6. We have been glad to note your concurrence in the views expressed in paragraphs 9 and 10 of our telegram No. 130 to the effect that states not represented on the Council should have the right of effective participation when matters closely touching their interests are before the Council and that some provision should be made for associating them in decisions of the Council which call for action on their part in grave issues. We hope that the United Kingdom delegation will succeed in securing satisfactory provisions under this head.

7. This telegram is being repeated to the Canadian Minister in Washington with instructions to inform Sir Alexander Cadogan of its contents.

**380.** DEA/7-Vs

*Le chargé d'affaires, l'ambassade aux États-Unis, au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Secretary of State for External Affairs*

TELETYPE WA-5192 Washington, September 5, 1944

FOR IMMEDIATE ACTION

IMMEDIATE. TOP SECRET. World Organization. Cadogan made a further report to us last night on the Dumbarton discussions. The Steering Committee and the Formulation Committee worked on drafts over the week-end of the Chapters of the "Charter" dealing with the Council, arrangements for the maintenance of peace and security, the International Court, and the Military Commission. These drafts, however, could not include an agreed text on several very important points owing to the inability of the Soviet delegation to make any concessions. They have therefore not yet been telegraphed to London and therefore copies were not given to us. Not having heard from Moscow, the

Soviet delegates are standing firm on their original insistence of unrestricted and unlimited veto power and on the exclusion of economic and social questions from the Charter of the Organization. Cadogan seemed rather more despondent last night than previously about the Soviet attitude, which, if maintained, would, of course, make agreement here impossible. He hinted that action on a high level might have to be considered.

2. Provision is made in the draft dealing with the composition of the Council for France becoming a permanent member "in due course." The functions of the Council seem to be based largely on the United States draft, but Cadogan is trying to secure the omission, at my request, of the provision that the Council "would represent and act on behalf of all members of the Organization," etc. The United States and Soviet have at least agreed to consider this. There is, however, a provision that all member States are obligated to accept the decisions of the Council. In this connection, I pointed out that the attitude to such a provision of the secondary States, including Canada, would be greatly influenced by what was done to ensure that non-member States should somehow be associated with such decisions if they were specifically and importantly affected by them. In this connection, the Steering Committee is considering a general provision to the effect that non-member States will be invited to attend Council meetings whenever they are parties to a dispute being considered or whenever the Council considers the interests of a non-member State are especially affected by the matter under consideration. In this connection, when I read your teletype EX-3685 of September 4th[22] to the meeting, I emphasized the importance you attached to paragraph 6. Holmes of the Dominions Office pointed out that your interpretation of paragraphs 5 and 6 of Dominions Office telegram No. 120 of August 21st goes somewhat further than he would have thought justified by their language. Cadogan also asked whether we could produce a specific form of words which would satisfy the views expressed in paragraph 6 of your September 4th teletype. What exactly do we mean by "association" in contrast with "consultation"? Would we be satisfied with a general provision for prior "consultation" or "association," or would we also expect specific provisions in the clauses of the Charter dealing with measures not involving the use of armed force and measures involving the use of armed force (see United States draft 6, C and D)?†

3. Cadogan thought we were protected in regard to measures involving the use of armed force by the agreements which would have to be reached with each separate State to provide quotas. I pointed out, however, that this agreement had nothing to do with the decisions of the Council as to when the quotas so provided should be used. Furthermore, whereas the United States draft had provided that economic, financial, and commercial assistance necessary to support action involving the use of force, would be afforded only after the terms had been determined in consultation between the Executive Council and the member States, this provision seems to have been left out in

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[22]Ce télétype répéta le document précédent.
This teletype repeated the previous document.

the paragraphs on this subject now being considered by the Steering Committee.

4. If you could produce a text or texts on these points which would satisfy us and which would ensure "consultation" or "association," or both, it would be helpful for me here. I shall myself try to work something out and, if successful, will teletype it to you.

5. In paragraph 12 of my teletype WA-5156 of September 2nd[1] I stated that the United Kingdom were opposed to the representation of Council members only on the Military Commission. It would appear now, however, that the Steering Committee have at least tentatively agreed that this Commission should consist of the permanent members of the Council only, with others being called in when required; something along the lines of the present Combined Chiefs of Staff Committee. Ends.

**381.** DEA/7-Vs

*Le chargé d'affaires, l'ambassade aux Etats-Unis, au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Secretary of State for External Affairs*

TELETYPE WA-5210 Washington, September 6, 1944

FOR IMMEDIATE ACTION

IMMEDIATE. SECRET. Following for Wrong from Pearson, Begins: World Organization.

The position of non-member States in respect of action taken by the Council to maintain or restore peace might be safeguarded as follows:

(a) *Measures Not Involving The Use of Armed Force.*

The obligation on all States to take part in collective economic, commercial, and financial measures decided on by the Council might be qualified by the following provision:

"The terms under which the above obligation comes into force shall be decided in consultation between (or, alternatively, by agreement between) the Executive Council and the member State concerned."

(b) *Measures Involving The Use Of Force.*

The provision in the United States draft, D (2), should be qualified by the following: "The terms under which an undertaking under (2) above should come into force shall be decided after consultation between (or, alternatively, by agreement between) the Executive Council and the member State concerned."

(c) The provision in the United States draft D (5) (a) should be retained.

It might be possible to secure the adoption now of the above provisions, though I am not too optimistic about this, if we use "consultation" instead of "agreement." If we prefer "agreement," I think the only possibility of securing

support here would be by the addition to the above paragraphs, after the words "member State concerned," of something like the following:

"If the co-operation of that State is necessary for the success of the measures being taken by the Council." Ends.

**382.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures à l'ambassade aux États-Unis*

*Secretary of State for External Affairs to Embassy in United States*

TELETYPE EX-3733 Ottawa, September 6, 1944

TOP SECRET AND PERSONAL. Following for Pearson from Robertson and Wrong, Begins: Your WA-5192 of September 5th. I think that you took the right line in your comments to Cadogan. With reference to your paragraph 3 I suppose that they realize that, unless states not represented on the Council can participate in decisions involving the use of the forces and facilities which they have undertaken to provide under the military agreement, the difficulty of negotiating a satisfactory military agreement will be much increased; it seems quite likely that states not permanent members of the Council would in such circumstances be very reluctant to undertake to furnish a proportionate quota of their forces and it might turn out that only the great powers would be prepared to provide any quotas.

2. I think, therefore, that there is a strong practical case either for states contributing armed forces to participate in decisions of the Council to impose military sanctions, or for requiring such decisions to be binding only on Council members unless and until they have been ratified by the Assembly. The difficulties surrounding economic sanctions are similar. In their case the countries most affected (apart from states bordering on the subject of the sanctions) would be the large trading countries. The principle enumerated in paragraph 15 of U.K. Memorandum A that power and responsibility should be made to coincide as far as possible appears to indicate that the concurrence of important trading countries should be given in decisions involving the application of economic sanctions. In this regard, of course, Canada far outranks both the Soviet Union and China on the basis of prewar trade.

3. It is difficult to see how the Canadian Government could secure the support of Parliament and the public for the surrender to the Council of full responsibility for, in the extreme case, sending into action a substantial quota of the Canadian armed forces without themselves being a party to the decision. This would be too serious a denial of responsible Government to be swallowed in the present state of international political organization. Much the same argument applies also to the imposition of economic sanctions involving a real disturbance in the Canadian economy.

4. If the great powers maintain a complete veto right for themselves (except possibly in case of disputes in which they are involved) their surrender of

sovereignty scarcely exceeds what they all formally renounced in the Kellogg-Briand Pact. They commit themselves to a procedure but retain liberty to block the employment of the procedure. They propose, however, that other states should not only be bound by the procedure but should (unless they happen to be elected to the Council) be bound to do their share in executing decisions in the framing of which they have had no part. This might not matter much in the case of a considerable number of little countries whose collaboration in carrying out Council decisions would be unimportant. The serious difficulties concern the position of the chief secondary states, the cooperation of some at least of which would probably always be essential in the effective application of either military or economic sanctions.

5. The result to be aimed at is fairly clear although it is difficult to suggest an exact formula: Any Government required to participate in the execution of a decision which involves substantial action on its part should be placed in a position in which it can satisfy its legislature and people that it has had a responsible share in the taking of the decision.

6. Our arguments in favour of differentiating between states on the basis of their relative importance have previously been concerned mainly with the election of members of the Council. The same considerations, however, apply to the association of certain states not on the Council with its decisions. There are disturbing signs that the United States will have difficulty in persuading Congress to agree that the allotted quota of their forces should be used by the Council without authority of Congress in each case. This seems to be straining at a gnat when the chief secondary states may be asked to swallow a camel.

7. The formula which you propose in your message WA-5210 may, I think, be safely passed on as a useful suggestion for dealing with a central problem. You might try out the various alternatives you incorporate starting with a provision requiring "agreement" under both (a) and (b). The suggested qualification at the end of your message might be improved so as to read "if the cooperation of that state is important towards the success of the measures being taken by the Council." Certainly the adoption of your suggestions would make it a good deal easier to explain and defend full Canadian adhesion to the new organization.

**383.** DEA/7-Vs

*Le chargé d'affaires, l'ambassade aux États-Unis,*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States,*
*to Secretary of State for External Affairs*

TELETYPE WA-5269 Washington, September 8, 1944

IMMEDIATE. TOP SECRET. World Organization.

We had a long discussion with Cadogan yesterday, at which Angus was present. Cadogan read us various new drafts which had been tentatively agreed on, though there are still Soviet reservations to many of the important

provisions. The maintenance by the Soviet of these reservations will certainly alter the timetable, and the Three-Power discussions will not now be finished before the middle of next week at the earliest. The points on which the Soviet remain unmoved are:

(1) The abandonment of the right of veto, when party to a dispute (Cadogan said the United Kingdom has no intention of giving in on this point).

(2) The exclusion of all reference to economic and social questions.

(3) Whether decisions of the Council should be by a simple majority or two-thirds vote. The Soviet still strongly favour a simple majority. Cadogan thinks that the Soviet may be trying to work up to a bargain by which they will agree to the inclusion of economic and social questions, in return for the unqualified recognition of the right of veto. Cadogan said that there was no possibility of any such bargain being accepted. He also added that it may well be that some of the Russian difficulties are due to the apparent inability of Gromyko,[23] to understand the meaning or importance of some of the United States and United Kingdom proposals. Personally, I would be somewhat surprised if this were true. Cadogan insists however that Gromyko is often very obtuse.

I made the following comments on certain of the provisions tentatively agreed on and which Cadogan had read.

(1) I called attention to the fact that no provision had been made for ineligibility of election to the Council in certain circumstances, e.g., financial default or refusal to make quota agreements. Cadogan said that he would bring this up today.

(2) I expressed disappointment that the words, "the Council should in all cases act on behalf of all members of the Organization," remained in the section on functions and powers of the Council. Cadogan said that he would try again to get them deleted.

(3) There has been some discussion whether the right of veto could, as suggested by us, be defined, and exclude, at least, procedural questions. The United Kingdom were supporting this, and I emphasized again the desirability of definition and limitation.

(4) As the result, I think, of our previous representations, Cadogan had now succeeded in getting agreement on the following sentence: "Any State, member of the Organization, not having a seat on the Council, should be invited by the Council to attend and participate in (the United States and the U.S.S.R. wished this to be changed to 'to be heard during,' but the United Kingdom persuaded them to accept 'participate') the consideration of any dispute to which it is a party, or whenever the Council considers the interests of such a State are specially affected."

If these last lines are broadly interpreted, they might go a considerable distance to ensure that Canada and other States would not be asked to supply forces or impose economic sanctions without prior consultation.

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[23]L'ambassadeur de l'Union soviétique aux États-Unis.
Ambassador of Soviet Union in United States.

This paragraph is, I think, important, and I doubt whether it would have been included if we had not pressed for it.

Cadogan said that they had now been instructed by London to modify their opposition to the Soviet proposal for an International Air Force. They are authorized at least to support inclusion in the Charter of a recommendation that this question be given further study. Cadogan thinks that the United States is also more favourable to the idea than formerly. I said that I felt sure this change of attitude would be welcomed by us; that on many grounds it was undesirable to reject outright the Soviet proposal; that even a token International Air Force would have great symbolic value; that it would be much easier for States to accept automatic jurisdiction of the Council over their contributions to an International Force than over national quotas or the imposition of economic sanctions.

Sir Owen Dixon[24] read the Australian statement which has been telegraphed to you[†] and put forward the view that Australia might have some claim to membership on the Council as representing the southwestern Pacific area. Berendsen[25] made a rather emphatic statement along the lines of those he had previously made at these meetings. Dr. Gie[26] hoped that serious consideration was being given to General Smuts' Regional Council ideas. Cadogan said that political Regional Councils would not be supported by the United Kingdom, but Regional Security Councils for implementing the action decided on by the Organization might not be open to the same objection. These were being considered.

I called attention to the Canadian views on regionalism as already expressed.

Cadogan said that the United States were very anxious to press ahead with the discussions so as to make possible a United Nations meeting in October. Personally, I do not see how this can be done but there seems no doubt that the Americans will try to bring it about. I am afraid that this hurry on their part may result in two things:

(1) Less time for consideration of the plan by the other United Nations before the general Conference, and

(2) The early appearance of the plan, either authorized or unauthorized in the press.

This would certainly mean some kind of Congressional discussion. Cadogan also was definite yesterday that it would be practically impossible to avoid a discussion in the House of Commons in London before the United Nations Conference. I think he has heard again from London on this. The United Kingdom would not expect any decision to be taken by Parliament, but would

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[24]Le ministre d'Australie aux États-Unis.
Minister of Australia in United States.

[25]Le ministre de la Nouvelle-Zélande aux États-Unis.
Minister of New Zealand in United States.

[26]Le ministre de l'Afrique du Sud aux États-Unis.
Minister of South Africa in United States.

undoubtedly have to yield to the demand that members be given a chance to express their views.

Toward the end of the meeting, I read a memorandum' based on your teletype EX-3733 of September 6th, which, if I may say so, was a very good statement indeed and made, I think, an impression on the meeting. I pointed out our difficulty in putting forward specific and practical proposals embodying our views because we did not have an agreed text before us to which we could suggest amendments. However, I then said that our point of view on the position of non-member States in relation to Council decisions would probably be met if the following paragraph could be inserted after that section of the report dealing with measures not involving the use of armed force:

"The terms under which the above application comes into force shall be determined by agreement between the Executive Council and a non-member State, if the co-operation of that State is important toward the success of the measures being taken by the Council."

A similar provision (with a few consequential verbal changes) would be inserted after the section dealing with measures involving the use of armed force.

**384.** DEA/7-Vs

*Le chargé d'affaires, l'ambassade aux États-Unis, au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires, Embassy in United States, to Secretary of State for External Affairs*

TELETYPE Washington, September 8, 1944

IMMEDIATE. TOP SECRET. World Organization. Cadogan reported to us this afternoon on a meeting with Stettinius and Gromyko this morning at which considerable progress was made in reaching agreement on disputed points. The situation now is that the Russians still reserve their position regarding an unqualified veto for all the permanent members, but have agreed to the inclusion of economic and social questions in the functions of the Organization and, for that purpose, to accept as a basis the United States Draft dealing with this matter. This is an important advance. In return, the Council decisions will probably be by a simple rather than a two-thirds majority, the Americans supporting the Russians on this point. Cadogan's instructions permit him to accept a simple majority if this is the only point standing in the way of complete agreement all along the line. Therefore, he will give way here if the Russians do not insist on the unqualified veto. Cadogan still insists, and of course rightly so, that there can be no compromise here. Also, provisions for suspension and expulsion, and not merely suspension only, have been accepted, and this will be considered a concession by the Russians.

2. Efforts are also being made to deal with the International Air Force proposal. The Americans may now propose as a substitute some provision to

the effect that the members of the Organization will earmark certain forces "immediately available for combined action" if required. I do not myself see much distinction between this and the original provisions for quota forces, but there may be some value in it.

3. On the question of eligibility of members for election to the Council, Cadogan thinks that they might now be able to insert a clause to the following effect: "Due regard being given to their contribution to the maintenance of peace and security." I told Cadogan that this was undoubtedly an improvement but did not go, of course, very far. I also told Cadogan that the acceptance of a simple, rather than a two-thirds majority, for decisions of the Council, would add to our difficulties in accepting such decisions without prior agreement or consultation when they involved positive obligations.

4. The United Kingdom and United States are trying to persuade the Russians to allow the Chinese conversations to begin before the Three-Power conversations end. They have not received much encouragement as yet, but if this can be done it might enable the original timetable to be carried out and the work to be finished at the end of next week.

5. Tonight the Russians are taking the British to a baseball game. This represents concessions on both sides. Ends.

**385.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassade aux États-Unis*

*Secretary of State for External Affairs*
*to Embassy in United States*

TELETYPE EX-3775 Ottawa, September 9, 1944

FOR IMMEDIATE ACTION

TOP SECRET. Following for Pearson from Wrong, Begins: Your WA-5269 of September 8th. World Organization.

1. We have received from London the draft paragraphs submitted by Formulation Committee.[1] I assume these texts are available to you in Washington. They contain some drafting defects but there may be some advantage in not seeking to eliminate these since if they are included in the final document this might make its later amendment easier. The texts have been received with request to observe "greatest possible security precautions." Here are some comments on points which might be useful to you at your meetings with Cadogan.

2. Paragraph V.B. 1 of draft would prohibit the Assembly from making recommendations on its own initiative on matters relating to peace and security which are under consideration by the Council. There are some good arguments for such a provision, provided that the words "under consideration by the Council" are not interpreted restrictively. It would, for instance, be going much too far if this was interpreted as inhibiting the Assembly from making

proposals on a question which might have been placed on the Agenda of the Council by one member without any action having been taken on it. I think that items at times appeared on the agenda of the League Council for meeting after meeting without consideration being given to them.

3. By paragraph V.B. 2 the Council must recommend new members for admission by the Assembly. If the participation of the Council is required at all, I think that it would be better to substitute "with the concurrence of the Council" for "upon a recommendation of the Council."

4. By the next paragraph of the draft the power of suspension can only be exercised in the case of states against which "final preventive or enforcement action shall have been taken by the Council." I am doubtful about the word "final"; finality is always hard to determine but in this context it would seem to imply the application of military sanctions. The power of suspension at an earlier stage might in certain circumstances be useful.

5. In paragraph V.C. "Voting," the U.S. suggestion that voting strength on budgetary matters should be weighted in accordance with the contributions of Member States has been dropped. I had hoped that at least this modest recognition of making some constitutional allowance for the differing responsibilities of Member States might be retained. Incidentally, if an International Air Force were to be set up, budgetary questions (which always consumed a lot of time at the League) would take on a new importance.

6. The provisions for election of non-permanent members of the Council contained in V.B. 4 and VI.A impose no restriction at all on eligibility for non-permanent seats. Have you any indication that the views which we put forward in our telegrams to the Dominions Office of August 2nd and September 4th have been discussed at all during the meetings? The United Kingdom in Memorandum A recognized "that this subject will need careful examination." We have not received a reply to our last telegram to Dominions Office. I am inclined to think that if nothing is done at Dumbarton Oaks on this point there will be great difficulty in dealing with it satisfactorily at a general conference of United Nations.

7. I note that you have already drawn Cadogan's attention to the language of VI.B. 3 stating that the Council should in all cases act on behalf of all members. I quite agree with your objection. It is curious that the U.S. support the inclusion of this provision after stoutly resisting the inclusion of similar language in the Draft Instrument of Surrender for Germany[27] on the ground that the use of the phrase "on behalf of" implies prior consultation with and agreement of all concerned.

8. I am glad to hear that in paragraph VI.D. 4 the word "participate" has now been substituted for "to be heard." If they can add your draft additional paragraph this will make the whole scheme more easily acceptable by a number of important secondary states. On a point of language your draft addition should, I think, be changed by substituting for "a non-Member state" the words "a Member State not represented on the Council."

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[27]Voir le volume 10, document 677./See Volume 10, Document 677.

9. I fully agree with the views which you expressed against the outright rejection of the Soviet suggestion for an International Air Force and I think that this position would be supported by the Government. We have received from the Dominions Office the following draft provision which Cadogan has been authorized to support; I think that they might go further than this by requiring the Council rather than Member States to examine the practicability of the proposal.

"In order to increase the speed with which urgent military measures could be taken, member states should undertake to examine the practicability of organising contingents from National Air Forces into an International Air Force, the composition of which would be determined by the Council with the assistance of the Military Staff Committee."

10. As for the possibility of holding a general conference in October, I assume that the U.S. are anxious to bring this about so that the conference may be proceeding during the last stages of the election campaign and may assist in keeping the issues out of political controversy. I think that a conference held so soon would inevitably be poorly organized and would probably be of very long duration. We are, however, better prepared to participate in it than the other Allied Governments, except for the Great Powers, and I think that we can leave it to others to make the inevitable objections. Ends.

DEA/7-Vs

**386.**

*Le secrétaire d'État aux Affaires extérieures à l'ambassade aux États-Unis*

*Secretary of State for External Affairs to Embassy in United States*

Ottawa, September 9, 1944

TELETYPE EX-3776

FOR IMMEDIATE ACTION

TOP SECRET. Following for Pearson from Wrong, Begins: My immediately preceding message was written before I received your WA-5284 of September 8th which I am glad to notice reports some important progress on the Soviet side. Cadogan's suggestion mentioned in your paragraph 3 regarding eligibility for election to the Council is a small sop to us on a point which we have particularly emphasized. I would much prefer a separate paragraph laying down the general principle even if its application will have to be left for later agreement.

2. One could, of course, comment on the drafts which have emerged almost indefinitely but in my preceding message I have tried only to pick out some points on which a further word from you might influence the result. We shall probably be joined by some less restrained critics when other Governments receive the draft charter. Ends.

**387.** DEA/7-Vs

*Le sous-secrétaire d'État adjoint aux Affaires extérieures à l'assistant, le ministère des Affaires extérieures*

*Assistant Under-Secretary of State for External Affairs to Assistant, Department of External Affairs*

[Ottawa, c. September 10, 1944]

Mr. Holmes:

N. A. R. will show this to P.M. and I think advise him to raise these matters at Quebec.[28] I have sent L. B. P. the text of paras. 6-10 by teletype. You might circulate in the Dep't. a copy of this memo.

H. W.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa,] September 10, 1944

This note is inspired by a telephone conversation with Pearson this morning.

1. He is discouraged over possibility of making progress with our point of view on security questions. U.K. have put it forward without getting anywhere with U.S. or U.S.S.R. Dunn[29] will not even consider Cadogan's sop to us — a proviso that due regard should be paid to military contribution in selecting temporary members for the Council. Pearson spent until after midnight last night with the British going over the ground.

2. He has emphasized that the plan in present form will be strenuously opposed by other countries and that we are trying, not to secure a special position for Canada, but to propose changes which will make the plan more acceptable at a general conference. The primary concern in Washington is to get agreement among the three powers, especially with the U.S.S.R.

3. The only major point of difference still outstanding between them is the Russian refusal to forego the right of veto in consideration of disputes to which they are a party. Malkin[30] surprised him by saying that in his view this point had narrowed to the question whether a great power voted on the assumption of jurisdiction over such a dispute, and that a great power might still vote (with right of veto) over recommendations or sanctions once jurisdiction had been

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[28]La Conférence de Québec du 10 au 15 septembre 1944.
The Quebec Conference of September 10-15, 1944.

[29]Directeur, Bureau des Affaires européennes, département d'État des États-Unis.
Director, Office of European Affairs, Department of State of United States.

[30]Conseiller juridique au Foreign Office de Grande-Bretagne.
Legal Advisor to Foreign Office of Great Britain.

taken — the U.S. and U.K. would accept this. While such a provision would look bad, he agreed that in practice it would make little difference as sanctions against a great power were most unlikely. Jebb thinks Malkin may be mistaken, and Pearson will check this with Cadogan. He wanted to be sure of the interpretation to be placed on para 5. of our telegram to London of September 4th on this point. I told him that we believed that no country involved in a dispute should vote in the Council, whether it was a permanent member or not. This is what he had understood.

4. He is going to talk to some of the Americans. Dunn and Pasvolsky are inaccessible. He suggested that we might talk to Atherton.

5. They are set on a general conference in October. Pearson says this will undoubtedly be discussed at Quebec. He agrees that the difficulties over this ought to be made by other countries, not by us.

6. I am disturbed by the serious possibility that the plan now being framed will not be accepted by a considerable number of states. Even if it were accepted, I doubt that states other than Great Powers would go on to consent to place quotas of their forces and military facilities at the disposal of the Council. This would pretty well reduce the whole organization to an alliance between great powers, with frills attached to give it the appearance of general participation. One frill would be the right of the five permanent Council members plus one other to the active cooperation of all member states in the execution of decisions on which they might reach agreement between themselves.

7. The "sovereign equality" of states becomes, in practice, the sovereign equality of Great Powers. Canada would probably be less directly affected by such a plan than any of the smaller countries in Europe or Asia. The smaller countries in those continents, or at any rate those most exposed from the point of view of security, would probably be compelled to become clients of a Great Power — in Europe either of the U.K. or of the U.S.S.R. — thus creating new spheres of influence and a new balance of power. This would greatly complicate intra-Commonwealth relations; and its long-term effect might well be disastrous. It is also important for the prestige of the Council that its elected members should not be clients of one or other Great Power, always supporting its position.

8. Dewey has already raised the issue of the place of smaller countries. It looks as though the answers given by the President and Hull would be shown to be specious as soon as the plan is made public. Thus we may find ourselves in the position of having the issue injected into the U.S. election, with our sympathies with Dewey and not with the President. I do not like the prospect of Canada having, in her own vital interest, to adopt publicly a position supported by the opposition candidate and resisted by the Administration. We might have no other choice if the conference takes place before the election.

9. I am inclined to believe that it would be better if the agreement at Dumbarton Oaks left open some of these questions for later settlement, perhaps by including alternative drafts, or else by specifically referring certain

unresolved issues to the general conference for decision. It is also to be hoped that the agreement will be in form an agreement between experts, not formally approved by the three governments.

10. If these matters are raised at Quebec, the sooner the better. It is preferable that the Washington discussions should be prolonged by new instructions to the delegations than that their result should be abortive.

**388.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 144 London, September 12, 1944

TOP SECRET. Addressed Canada No. 144, repeated by Secretary of State for Foreign Affairs to United Kingdom Embassy, Washington, for Sir A. Cadogan. Your telegram September 4th, No. 157. World Organization.

We are glad to have this further expression of your views.

2. In regard to eligibility for Council, we fully sympathise with your feelings about geographical blocs and secondary States.

3. As to former, however, we think it inevitable and indeed desirable that whatever the principles of election, non-permanent members should in practice reflect interests of different regions of world. We think that there is bound to be some Latin-American representation on Council, though it seems unlikely that Assembly would agree to elect as many as three Latin-American countries, if only because remaining three seats would probably be considered insufficient representation for other parts of world.

4. We are still reluctant to attempt to deal with position of minor States by writing into Charter of Organization a formal differentiation between secondary States. To provide, even by implication, that some States are ineligible for Council would render Organization unattractive to them from start and might be regarded as infringing principle of Sovereign equality on which Organization is to be based. We alluded in paragraph 29 of Memorandum A to difficulty of finding a principle corresponding to that regulating election of Governing Body of I.L.O. which would be applicable to a political organization. Military strength alone would not be qualification for dealing with economic and social matters, inclusion of which we understand you to favour like ourselves. We feel, however, with you that something might well be gained by adding words which would militate against election of States which by any criterion are unimportant. United Kingdom delegation have therefore been authorized to propose insertion after words "non-permanent seats" in paragraph VI.A of draft text in my telegram of September 12th, Circular D.1338[1] of following words; "due regard being paid to their contribution towards maintenance of peace and security and towards the other purposes of the Organization." Delegation are doubtful whether they will succeed in

securing this amendment but will continue to do their best to obtain some wording of this kind.

5. Your paragraph 5, voting in Council. After consultation with United Kingdom delegation we understand that you have in mind here disputes to which a Great Power is not (repeat not) a party. United Kingdom delegation expressed opinion, which we share, that if Soviet Delegation come round to our and United States view we should see great difficulty in securing any further departure from requirement of Great Power unanimity to which Soviet delegation attach great importance.

6. Your paragraph 6. In regard to first part, United Kingdom delegation have secured inclusion in section VI.D(4) and (5) of draft text of words "and to participate in discussion." See also last sentence of section VIII B.9 as regards association with proposed Military Committee.

7. In regard to second part of your paragraph 6 we had not contemplated that it would be possible to devise automatic machinery under which in all cases States not on Council could be associated with decisions of Council. Ends.

**389.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au Premier ministre*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] September 16, 1944

MEMORANDUM FOR THE PRIME MINISTER

We had a discussion with Cadogan yesterday on the position reached at Dumbarton Oaks. There is, at the moment, a deadlock with the Russians on an important point, but if this is resolved the United Kingdom and U.S.S.R. will not oppose pressure from the United States to convene a United Nations conference on world organization, with the tentative date set for October 25th.

As to the deadlock, this comes from a firm Soviet refusal to agree that parties to a dispute should not vote in the Council when that dispute was under consideration. They wish to preserve their own absolute right of veto in a form which would even prevent the Council from considering any complaint made against them by any other state. Under the Covenant, parties to a dispute could not vote and thus, so far as the Great Powers are concerned, the Russians are pressing for a requirement of unanimity more stringent than that imposed in the League. There is talk of a compromise, depriving parties to a dispute of the right to vote except at the final stage involving the imposition of sanctions, but Cadogan said that neither Mr. Churchill nor Mr. Eden was ready to agree.

That is the immediate issue. If it is resolved, the proposed procedure of holding a conference in about six weeks, on the basis of the present scheme, seems to present some very awkward political problems, perhaps more awkward in the case of Canada than of any other country. The plan is wide

open to attack in Canada by three sections of opinion, the attacks all centering round one of its central features — a Council possessing great authority to enforce settlements of disputes and to require all member states to assist in enforcement, while giving inside the Council a very special position to the Great Powers.

From the point of view of Canadian nationalists, especially in French Canada, this scheme can be represented as depriving Canada of control of its own policies and resources and subjecting Canada to the direction of a body in which Russia may have a preponderant influence. The charge could be made that its acceptance would constitute a surrender of responsible government.

From the point of view of the imperialists, they could readily revive the demand for a common Commonwealth front and a single Commonwealth voice as being the only way in which Canada could exert her proper influence in the world organization. They could say that it is clear from the scheme that the world of tomorrow will be dominated by Great Powers, and could charge the Government with having thrown away a golden opportunity to participate directly in the controlling group.

From the point of view of the internationalists, the criticisms to be made are fairly obvious. The plan incorporates, as one of its principles, the doctrine of the sovereign equality of states, but in fact what it provides is for the sovereign equality of Great Powers. All the other states of the world are, it is true, treated on a basis of equality, but it is an equality of inferiority of status.

These are the three main lines of attack corresponding to sections of Canadian opinion which seem certain to be made when the plan becomes public. The issues will be injected into the Canadian election. If the present timetable is followed, the issues are also likely to be injected into the American election, with the criticisms which we would presumably be bound to advance at an international conference snapped up by the Republicans for use in the campaign. Mr. Dewey has already depicted himself as the opponent of Great Power dictatorship and the champion of a truer internationalism giving due weight to smaller states.

I think that those concerned with the Three Power talks in Washington are so vitally interested in securing agreement between themselves that they have not really weighed the proposals from the point of view of countries outside the inner circle. It is likely that they will be greatly surprised by the criticisms from nearly all quarters which will greet publication of the plan. I doubt whether many states would agree to join the international organization if it is pushed through in the form now proposed.

**390.** DEA/7-Vs

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5470 Washington, September 20, 1944

FOR IMMEDIATE ACTION

IMMEDIATE. TOP SECRET. World Organization. My WA-5453 of September 19th.[1]

1. Mahoney and Reid are today attending meeting at British Embassy at 6 p.m. which might provide an opportunity, if you so desire, to make suggestions on revision of communiqué which it is proposed to issue some time after about September 27th. The text of this communiqué is given in paragraph 5 of our WA-5453 and does not seem entirely satisfactory from our point of view:

(a) It appears that the text of the proposals on which agreement has been reached is to be published before communication to the other United Nations.

(b) The draft statement does not explicitly state that the proposals as published are the views of experts and do not necessarily commit the four Governments.

(c) The communiqué makes no reference to immediate consultations with the Governments of the other United Nations. Their views apparently are not to be sought until after the four Governments have given further study to the proposals.

(d) Paragraph 3 of the communiqué might give the impression that the four Great Powers are going to present to the full United Nations Conference a document which has been accepted by all four Governments.

2. If you have any instructions perhaps you could telephone them to us if a teletype would not reach us in time.

**391.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassade aux États-Unis*

*Secretary of State for External Affairs*
*to Embassy in United States*

TELETYPE EX-3906 Ottawa, September 20, 1944

FOR IMMEDIATE ACTION

TOP SECRET. Following from Wrong, Begins: Your WA-5470 of September 20th. I have no opportunity of consulting others but the following points may be useful at this afternoon's meeting:

1. Your point (a). Since full agreement has not been reached I doubt that we should press for prior communication to other United Nations before publication of the proposals.

2. Your point (b). I think you might suggest some change in language. If no settlement can be reached of the major issue now unresolved, it may even prove necessary to consider an organization of a different structure. Hence an indication of the tentative nature of these proposals would be useful.

3. Your point (c). You might enquire whether there has been any discussion on consultation with other Governments. I can see difficulties in the great powers agreeing to submit to other Governments incomplete proposals.

4. Your point (d). This is really covered by my comments on your (b) above.

You would be safe in assuming that the postponement of the projected international conference is far from unwelcome to the Canadian Government.

**392.** PCO

*Extrait du procès-verbal du comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

TOP SECRET Ottawa, September 20th, 1944

. . .

WORLD SECURITY ORGANIZATION

3. THE ASSISTANT UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS[31] reported that a deadlock had been reached between the United Kingdom and the United States on the one hand, and the U.S.S.R. on the other, on the issue of voting by a Great Power who was party to a dispute before the Council for consideration.

The Russians refused to recede from the position that permanent members of the Council should be entitled to vote on all questions basing themselves on the principle of unanimity of the Great Powers. The Dumbarton Oaks meetings with the Soviet Union were to be concluded forthwith. Brief discussions with China would then take place and a public announcement would be made in general terms. Subsequently, the text of the document emerging from the Washington meetings would be published omitting any conclusions upon the points where agreement had not been reached. In any event it had been decided that no general international conference on the subject could now be held in early November as had been contemplated by the United States.

(Telegram Dominions Office to External Affairs, Circular D. 1381, September 15, 1944).[1]

4. THE WAR COMMITTEE noted the Assistant Under-Secretary's report.

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[31] H. Wrong.

**393.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] September 26, 1944

I attach the text of draft agreement reached at Dumbarton Oaks in the form which it had assumed up to September 20th.[1] It seems unlikely that there will be any further changes of importance before the discussions there end. The amendments notified in telegrams from the Dominions Office[2] are all incorporated in the enclosure.

The present intention is that this text should be made public shortly after the end of discussions with the Chinese. The discussions with the Russians may conclude today and they hope to get the Chinese meetings over by the end of the week. This document, therefore, may be revealed within a week.

There is only one point in the document in which it is spelled out that agreement has not been reached. This is Section C of Chapter VI on page 8 relating to voting in the Council which has been left blank, the issue, of course, being the Soviet refusal to accept the view of the U.S. and U.K. delegations that great powers should not be allowed to vote in the consideration of disputes in which they are involved. There are, however, certain other points which are still unsettled and it is possible that these may be listed in a covering statement. The more important of these points are as follows:

1. The method of amendment of the charter.

2. The initial membership of the Organization and admission of new members (Chapter III on page 3).

3. A proposed provision in Chapter VIII, Section A, which would in terms exclude questions of domestic jurisdiction from the scope of the Council's authority to settle disputes.

4. The inclusion in the statement of principles in Chapter II of a statement that each state is responsible for respecting "the human rights and fundamental freedoms of all its people."

On one point which we have particularly stressed there has not been included a U.K. proposal that the Assembly in electing non-permanent members of the Council should pay "due regard to the contribution of members of the Organization towards the maintenance of international peace and security and towards the other purposes of the Organization." The U.S. particularly resisted this and was supported by the Soviet representatives.

I think that it may be desirable for you to issue a statement very shortly after the publication of this document indicating in general terms the attitude of the Government towards the proposals while avoiding the adoption of a position which would tend to tie the hands of the Canadian representatives at an international conference. It is not easy for anyone unfamiliar with the

background and course of the Washington negotiations to pick out the essential features of the plan and without some guidance public comment may be uninformed and unhelpful. If you think this a good idea I shall have a draft statement prepared for your consideration.

**394.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 160 London, September 26, 1944

IMMEDIATE. PERSONAL AND TOP SECRET. Following from the Prime Minister for Mr. Mackenzie King, Begins: Personal and Top Secret. You will wish to read the following telegram I have received from Smuts, Begins:

I feel deeply perturbed over deadlock with Russia in World Organization talks. This crisis in any case comes at most unfortunate moment before the final end of the war. I fear we are being rushed at breakneck pace into momentous decisions, and not in this case only. International aviation, telecommunications, etc., all tell the same tale. Here, however, the consequences may be particularly disastrous. I may therefore be pardoned for sending a warning note about this impasse.

At first I thought the Russian attitude absurd and their contention one not to be conceded by other Great Powers, and one likely to be turned down by smaller Powers also. But second thoughts have tended the other way. I assume that Russian attitude is sincerely stated by Molotov and correctly interpreted by Clark Kerr[32] and Cadogan as one involving honour and standing of Russia among her allies. She asks whether she is trusted and treated as an equal or is still the outlaw and Pariah. A misunderstanding here is more than a mere difference. It touches Russian *amour propre* and produces an inferiority complex and may poison European relations with far reaching results. Russia, conscious of her power, may become more grasping than ever. Her making no attempt to find a solution shows her reaction and sense of power. What will be her future relations with Germany and Japan, even France, not to mention lesser countries? If a World Organization is formed with Russia out of it, she will become the power centre in another group and we shall be heading for World War III. If no such Organization is formed by the United Nations, they will stand stultified before history. The dilemma is a very grave one and the position into which we may be drifting should be avoided at all costs.

In view of these dangers, the smaller Powers should be prepared to make a concession to Russia's *amour propre* and should not on this matter insist on theoretical equality of status. Such insistence may have most devastating

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[32]Sir Archibald Clark Kerr, ambassadeur de Grande-Bretagne en Union soviétique.
Sir Archibald Clark Kerr, Ambassador of Great Britain in Soviet Union.

results for smaller Powers themselves. Where questions of power and security are concerned, it would be most unwise to raise theoretical issues of sovereign equality, and the United Kingdom and the United States of America should use their influence in favour of common sense and safety first rather than status for smaller countries.

On merits there is much to be said for unanimity among Great Powers, at least for the years immediately following on this war. If in practice the principle proves unworkable, the situation could be reviewed later when mutual confidence has been established and a more workable basis laid down. At the present stage, a clash should be avoided at all costs. If unanimity for Powers is adopted, even including their voting on questions directly concerning their interests, the result would be that the United Kingdom and the United States of America will have to exert all their influence on Russia to be moderate and sensible and not to flout world opinion. And in this they are likely to be largely successful. If Russia proves impossible, the World Organization may have to act, but blame will be hers. At worst the principle of unanimity will only have effect of a veto vote of preventing action where it may be wise or even necessary. It will be negative and slow down action. But it will also make it impossible for Russia to embark on crises[33] disapproved of by the United Kingdom and the United States of America.

Where people are drunk with new-won power it may not be so bad a thing to have a brake like unanimity. I do not defend it, I dislike it, but I do not think it at present so bad that future of world peace and security should be sacrificed on this issue.

The talks have so far been on an official advisory level, although no doubt there may have been intervention on a higher level. I think before definite decisions are reached on highest level the whole situation should be most carefully reconsidered in all its far reaching implications and some *modus vivendi*, even if only of a temporary character, should be explored among the Great Powers, which would prevent a catastrophe of first magnitude. We simply must agree and cannot afford to differ where so much is at stake for the future. Ends.

**395.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 188 Ottawa, September 28, 1944

IMMEDIATE. PERSONAL AND TOP SECRET. Following for Mr. Churchill from Mr. Mackenzie King, Begins: I am grateful to you for passing on in your

[33]Note marginale:/Marginal note:
courses.

telegram No. 160 of September 26th the message sent to you by Smuts. Like him I am concerned over the deadlock reached at Dumbarton Oaks and I too am not inclined to doubt the sincerity of Molotov's explanation of the Russian position. It is certainly of the greatest importance that the Soviet Government should fully participate in the new security arrangements and I agree with Smuts that the whole situation ought to be most carefully reconsidered before final decisions are reached.

2. I question whether the publication of the plan in its present form, with the section on voting in the Council left blank, will help ultimate agreement. Its publication will appear to narrow the issues to the single problem of the right of great powers to vote in the Council in disputes in which they are involved, while fixing in other respects the structure and authority of the new international organs. Is it not possible that a way around the difficulty might be found even though this would involve changes of substance in other parts of the plan? Should there not be an attempt to see whether a different pattern could meet the Russian position in some manner more acceptable than yielding to them on the single important point now at issue?

3. In actual practice it seems to me that this matter of individual veto is likely to be more formal than real. It is unlikely that important questions directly interesting the Soviet Government would be pressed to a vote in the Council over Soviet opposition. If they were so pressed, it is still more unlikely that they would secure the requisite support from other Council members. If the Soviet Government were fully conscious of the respect which other nations have for their strength, they would realize that, even without being assured a right of veto, their own power is a safeguard against the adoption of decisions which they are unwilling to accept.

4. I mentioned to you and the President on the last day of the Quebec Conference my doubts whether, quite apart from this particular issue, the scheme framed in Washington would secure the requisite public support, especially in the more important secondary countries. While Soviet participation in the Organization is vital for its success, it is also most important that public opinion throughout the United Nations should warmly support the plan not only now but for many years to come. If the Organization is intended to be mainly an alliance between the United States, United Kingdom and Soviet Governments (which is, of course, one of its purposes) it would be logical now to accept the Russian view on the question of veto. It would, however, be more realistic and probably more acceptable to other countries if such alliance were represented as a necessary transitional stage in the organization of world security, and not as part of a general and permanent system based on "the sovereign equality of all peace-loving states."

5. From the point of view of countries without permanent seats on the Council, especially those which are expected to make a substantial contribution to the maintenance of security, the problem is not fundamentally one of status but of the degree to which their people will accept a permanent delegation of control over their own policies and actions to a Council on which they may not be represented. I am referring to such sections of the plan as Chapter II,

paragraph 5, Chapter VI B, paragraphs 1 and 4, and Chapter VIII B, paragraphs 3, 5, 7 and 10. These proposals raise more than theoretical issues of sovereignty.

6. I hope and believe that general agreements may be secured on the abolition in both Assembly and Council of the League rule of unanimity. In that event all members of the Organization would be bound by decisions of the Assembly, even if they had voted against them; and all members of the Council (apart from whatever special position may be accorded in it to the great powers in addition to permanent membership) would likewise be bound by decisions of the majority of the Council. This would be a significant and important development. I doubt whether it is possible to go very far beyond this by seeking to include in the Charter pledges from all members to join in the execution of Council decisions in the framing of which they have had no part. I am conscious of the potential political difficulties in Canada if such pledges were sought, and it seems to me that these difficulties will present themselves more acutely in European secondary states. When the execution of a Council decision requires the active participation of a country not on the Council, the Charter might provide that such a country should be required to take positive action only if (a) the decision had been endorsed by the Assembly or (b) the country concerned either had participated in the Council's discussions or had separately agreed with the Council to join in task of enforcement.

7. Thus, in addition to the Russian deadlock, there are strong reasons for reconsidering the whole situation. Furthermore, under the plan the effective participation of the United States in the scheme will depend very largely on whether the United States will ratify a special agreement, as contemplated in Chapter VIII B, paragraph 5, placing adequate forces and facilities at the disposal of the Council. There are signs that there will be intense opposition to what would be considered under their constitution an abrogation of the rights of Congress. If the United States were to ratify the Charter but failed to enter into a special military agreement the whole structure would be undermined.

8. I believe that in the United States and in nearly all the other Allied countries public opinion would accept far-reaching obligations designed to prevent a further outbreak from Germany and Japan. This would be regarded in quite a different light from the assumption of permanent and indefinite obligations to assist in all circumstances in the enforcement of settlements prescribed by the Council. By developing this line of thought it might be possible to discover a generally acceptable way around the Russian difficulty, at any rate as a transitional measure.

9. It will take time to explore alternative courses, and it is important to keep the situation as fluid as possible. Hence I repeat my suggestion that the official publication of the plan should be deferred.

10. I should have no objection to your passing on this message to Smuts, Curtin and Fraser.

**396.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] October 2, 1944

You will have noticed that Mr. Churchill referred at considerable length in his speech in the House of Commons on September 28th to the results of the discussions on world security at Dumbarton Oaks. His speech was delivered before he received your telegram of that day but it reads as though he had been influenced by Smuts' arguments in favour of going slow in reaching final decisions. He emphasized that the conversations "do not in any way bind the Governments represented" and that "we ought not to be hurried into decisions on the important outstanding questions." "It would not be prudent to press in a hurry for momentous decisions governing the whole future of the world."

He continued by pointing out that the great powers could not "do more in the first instance than act as trustees for other states, great or small, during the period of transition" and went on to say that whatever was settled in the near future would be only preliminary to the actual establishment of the future world organization in its final form.

Finally — and this is perhaps the point of immediate importance — he declared that he did not think that a satisfactory agreement would be reached until there had been a further meeting between Roosevelt, Stalin and himself which he earnestly hoped might take place before the end of the year. After emphasizing the necessity of cordial relations between the U.S., the Soviet Union and the British Empire he declared "great decisions cannot be taken, even for the transition period, without far closer, calmer and more searching discussions than can be held amid the clash of arms."

The language which Mr. Churchill used seems to indicate that part at least of our last telegram will be received by him sympathetically. His public assertion that a further meeting between the Big 3 is necessary in the near future should help to end the pressure from the United States for a general international conference on world organization before the end of this year. His emphasis on the inevitably transitional character of present decisions might indicate that he will advocate some special arrangement between the great powers not built into the general international organization. In any case there is nothing in this part of his speech which runs counter to the position which we have taken.

**397.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 179 London, October 7, 1944

IMMEDIATE. TOP SECRET AND PERSONAL. Following from the Prime Minister for the Prime Minister, Begins: Your telegram of September 28th, No. 188, about the Dumbarton Oaks recommendations. We must carefully consider not only what is the best course to take over the Russian attitude to voting in the Council, but also what attitude we should adopt to the recommendations in general. In doing so we shall give fullest weight to your views.

2. Meanwhile, the Americans have been pressing us hard to agree to publication on October 9th. We should have greatly preferred, for many reasons, to have time to digest the recommendations of the officials before they were published, and I agree that immediate publication may be attended by the risks and disadvantages which you apprehend. On the other hand, acceptance by public opinion in the United States of present proposals, imperfect though they may be, would be an immense gain to all of us. The Administration think that best way of securing this acceptance is by publishing almost at once. Of course the results may not be what they expect and hope, but I do not feel able to contest their view on this.

3. Besides these wider considerations, there is the fact that much of the document has already leaked into the American press, and if official publication is delayed the rest is sure to leak too. It is embarrassing for us if this happens and we do not give the authorized version to Parliament and press here. For these reasons we may have to agree to publication on October 9th, though we are still in communication with the Russians about text of communiqué.[34] I am sure you will understand.

4. It is, of course, understood that no Government or Ministerial commitments are involved. Ends.

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[34]Les recommendations furent annoncées le 9 octobre. Voir États-Unis,
The recommendations were made public on October 9. See United States,
*Department of State Bulletin*, Volume 11, October 8, 1944, pp. 367-74.

**398.** DEA/7-Vs

*Le ministre, l'ambassade aux États-Unis,*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister, Embassy in United States,*
*to Under-Secretary of State for External Affairs*

SECRET Washington, October 12, 1944

Dear Mr. Robertson:

Now that the State Department has formally presented us with a copy of the draft United Nations Charter, the question arises whether we should not seek to have discussion on the Charter with the United States on an official level. So far, the United States has not received, at least from us here, any direct indication of the Canadian Government's views on the future world organization. I have had some informal conversations with Mr. Hickerson, but I was careful to point out that I was expressing only my own opinions, and not necessarily those of the Canadian Government. Thus the State Department has received indications of the Canadian Government's views only indirectly and at second hand through the United Kingdom delegates to the Dumbarton Oaks meeting; without in fact knowing that they were Canadian views.

2. We have, on the other hand, discussed these questions at length and in some detail with the United Kingdom, both in London, during the Prime Ministers' meeting, and here during the Dumbarton Oaks discussions. We have also given the United Kingdom Government statements of our views in a number of telegrams.

3. In view of our close relations with the United States, might it not be desirable, before the Canadian Government makes up its mind on the line which the Canadian Delegation should take at the forthcoming United Nations conference, to have a frank and full discussion of the problems with the State Department?

4. If we are to have such discussions, they should, I think be held as soon as possible. For one thing, it is just possible that the United States may succeed in its efforts to hold the United Nations conference in the very near future. If the results of current discussions with the Soviet Union are satisfactory, it is conceivable that a United Nations conference might meet early in December. I have a strong feeling that, for domestic political reasons, the Administration would like to announce, before the date of the presidential election, that a conference has at least been convened for the near future.

5. That is one reason for trying to have discussions with the United States as soon as possible. Another is that the sooner they are held, the greater is the chance of our being able to influence American views. The Administration has emphasized the tentative nature of the present proposals, and its willingness to see them modified in the light of comments from powers other than those represented at Dumbarton Oaks. The closer, however, we get to the United Nations conference, the more fixed the views of the United States are likely to

become. We have met with a measure of success in our efforts to persuade the United Kingdom Government to modify certain of their original views. We might also meet with some success in discussions with the United States.

6. I, therefore, suggest that, after a provisional formulation of our own views, we might discuss with the State Department the nature of any revisions we might like to see made to the Charter.

7. Since the draft Charter is the outcome of meetings between four great powers, I should think that it would be appropriate if, at the same time, we put our provisional views before the United Kingdom, the U.S.S.R. and China. So far as the United Kingdom is concerned, there will, of course, be no difficulty, since they will be *seeking* our views, and those of Australia, New Zealand, South Africa, and India, in the hope that the nations of the Commonwealth will present a substantially united front at the United Nations conference. The only question to be determined is how our views might best be put to London. There is a good deal to be said for doing this both by memorandum and orally.

8. It has occurred to me that, in addition to consulting with the great powers and with the nations of the Commonwealth, it might be useful if, before the holding of the United Nations conference, we discussed the problem informally with France and with the principal middle powers, such as Brazil and the Netherlands, and perhaps Czechoslovakia, Norway, Belgium and Mexico.

9. The French will be happy that they are to secure in due course a permanent seat on the council, but it is likely that they will be far from satisfied with other provisions of the draft Charter. Since they are the only great power which has not participated in the drafting of the Charter, they may, for prestige reasons, be tempted to propose numerous amendments. But considerations more important than prestige will enter into their calculations. They will, I think, want to see created a more powerful international organization than that envisaged in the Charter. They may push hard, for example, for the proposal which has already received Soviet and Chinese support, that there be established an international air police force. They may also propose inclusion in the Charter of provisions which would, by themselves, give rise to obligations on the part of member states to assist in imposing military sanctions. It would only be with great reluctance, I think, that they would concur in a Charter which, like the present draft, entirely shelves this problem, and leaves it to be met by subsequent security agreements, some of the more important of which may never be concluded or, if concluded, ratified.

10. I realize, of course, that before discussions of any kind can begin, we have to formulate, at least provisionally, our own views. In the consideration that is no doubt being given to this matter in Ottawa, may I make one suggestion? Any proposals of ours for revision of the Charter will emphasize, I take it, the necessity of narrowing the gap between the rights and obligations of the great and the lesser powers. I suggest that we make clear also that a solution of this problem is associated in our minds with changes for strengthening the Charter so as to make it a more effective instrument for the maintenance of peace and for peaceful change. My own view is that Canada's national interest would be served by such changes, some of which, as I have pointed out above, are likely

to be put forward by the French. Certainly the international interest would be served by them. But equally certainly it would be more difficult to support them if the "great-powers"-"other-powers" gap is not narrowed.

11. In this connection, a comparison of the Draft Charter with the document, "The International Law of the Future," published on January 1, 1944, by a number of Americans and Canadians interested in international law and organization, indicates certain gaps in the former document. Thus the Charter is at present weak, or at least vague, in its provisions for peaceful change, there being no explicit provisions in the Charter corresponding to proposals 20, 21 and 22 of "The International Law of the Future." There is also no provision corresponding to proposal 7 on the modification of general rules of international law. Principles similar to the useful principles 1, 2 and 10 of "The International Law of the Future" do not appear in the Charter. They were omitted, I believe, deliberately but not necessarily wisely.

12. I realize that these matters are primarily the responsibility of Ottawa and that, indeed, you may have already considered them. The Embassy is, however, especially interested in the problem through its association with the Dumbarton Oaks talks. It may also be used as one of the channels for discussion in case the suggestions made above prove practicable and acceptable. That is why I venture to bring them to your attention.

Yours sincerely,

L. B. PEARSON

**399.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au Premier ministre*[35]

*Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister*[35]

[Ottawa], December 13, 1944

I enclose a copy of a despatch from Dupuy† reporting a discussion with M. Spaak on the Dumbarton Oaks proposals. Spaak, I think, reveals a balanced judgment on the merits and defects. He told Dupuy that he and Dr. van Kleffens[36] had discussed whether the Dutch and Belgian views should be made known to the great powers and that while no decision had been reached by the Belgian Government they were in agreement that they might be faced with a *fait accompli* unless they took some such action.[37]

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[35]La note suivante était écrite sur le mémorandum:
The following note was written on the memorandum:
Given to R. G. R[obertson] to show to Baron Silvercruys.

[36]Ministre des Affaires étrangères des Pays-Bas.
Foreign Minister of The Netherlands.

[37]Note marginale:/Marginal note:
I agree.

We have been giving a good deal of thought to this in the Department and I am inclined to recommend that we should make some communication to the great powers at any rate before the projected meeting between Messrs. Roosevelt, Churchill and Stalin takes place.[38] In such a communication I think that we should not propose any fundamental changes but should follow the line that we have already taken with the British Government in suggesting that the selection of non-permanent members of the Council should not be left in the Charter as a free-for-all between all states other than great powers and that some changes and additions should be made so that countries not represented on the Council would not be required to take serious action to enforce a decision of the Council without some opportunity to participate in or agree to the decision. This should, I think, be put forward as a method of strengthening the authority of the organization by improving the machinery for organizing force behind the Security Council.

The activities of the Latin-American bloc at the Civil Aviation Conference at Chicago seemed to me to emphasize the desirability of getting some changes made in the Dumbarton Oaks proposals before they are officially submitted as the basis for a United Nations conference. At such a conference the Latin-American states would have about half the votes and they might even be able to arrange matters so that they would secure half the elected seats on the Security Council and considerable over representation on the Social and Economic Council. The United States Government has already been conferring with all Latin-American countries except Argentina on the proposals and it is still uncertain whether a conference of foreign Ministers of the American Republics will meet soon to discuss them. We may be confronted with a solid block of Latin-America plus the United States.

In the first instance perhaps we might make known our views to the great powers only or even only in Moscow and Washington as well as London. Later we might make a further communication to all members of the United Nations with which we have diplomatic relations. It seems as though the Big 3 might meet in January[39] and if we are to make a communication we should, therefore, do so before the end of this month. If you agree[40] to this course I shall submit a draft to you for consideration.[41]

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[38]Note marginale:/Marginal note:
I agree.

[39]Note marginale:/Marginal note:
Possibly before. K[ing] 14-XII-44.

[40]Note marginale:/Marginal note:
I do. W. L. M. K[ing]

[41]Note marginale:/Marginal note:
Please. W. L. M. K[ing]

**400.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1827 London, December 18, 1944

TOP SECRET. Following for the Prime Minister, Begins: President Roosevelt has sent to Marshal Stalin personal message regarding voting procedure in Security Council under Dumbarton Oaks proposals. He has suggested following draft provisions for Section C of Chapter 6 (Security Council), Begins:

Voting.

(1) One vote should be held by each member of the Security Council.

(2) Procedural matters should be decided by the Security Council on an affirmative vote of seven members.

(3) An affirmative vote of seven members, including concurring votes of the permanent members, should be required for decisions of the Security Council on all other matters, provided that the parties to a dispute should not vote in decisions under Chapter 8, Section A, and under paragraph 1 of Chapter 8, Section C. Ends.

2. President in his message to Marshal Stalin has emphasized that in accordance with this draft, unanimity of permanent members of the Council will be required for all Council decisions relating to determination of threat to peace, action for removal of such threat or suppression of aggression or other branches [breaches?] of peace. President agrees that there is need for this requirement and states his willingness to accept Soviet Government's views in matter as expressed in memorandum presented by them at Dumbarton Oaks (my telegram Circular D. 1163).[1] He makes it clear that this proposal implies that each permanent member of Council would always have a vote in decisions of foregoing character.

3. President then goes on to refer to provisions of Chapter VIII B, Section A, of Dumbarton Oaks proposals regarding pacific settlement of disputes. He records his belief that procedures proposed under this section will be effective if recommendations of Security Council made thereunder are concurred in by permanent members, but that it will at the same time be necessary for Great Powers to accept common obligation to abstain from voting in their own cause. President expresses his conviction that Great Powers will thereby strengthen their own position as principal guardians of future peace without jeopardizing their vital interests or deviating from principle that they must act unanimously in all decisions of Security Council affecting their vital interests.

4. President has asked whether Marshal Stalin would agree to holding, as soon as possible, of meeting of representatives designated by him, by President and Mr. Churchill to reach final agreement on this voting question and, on

supposition that agreement is reached on voting, to discuss arrangements for early convocation of general conference. Intention would be that proposed meeting should be small and informal and should be held at place (possibly London) yet to be decided. United States Ambassador in Moscow, through whom foregoing message was to be conveyed to Marshal Stalin, has been instructed not in the meantime, to seek any yes-or-no answer to President's proposal, since importance is attached by United States Government to avoiding any premature crystallisation of the Soviet Government's attitude.

6.[*sic*] State Department have indicated that in their view it would be most desirable for World Organisation Charter to go before United States Senate as Treaty not later than early or middle summer of 1945 if advantage is to be taken of present favourable political atmosphere in United States.

7. We shall no doubt before long receive some indication of Soviet attitude. In meantime, we should be grateful if we could be informed how Dominion Governments view the President's proposal. Ends.

**401.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

TOP SECRET [Ottawa], December 20, 1944

Dominions Office telegram Circular D. 1827 of December 18th contains a proposal made by the President to Stalin for filling in the most important gap in the Dumbarton Oaks document and requires some comment from us.

The proposals to govern voting in the Council need some study to make them clear. In the first place, Roosevelt suggests that seven affirmative votes should be required for Council decisions instead of six (a simple majority). This means that at least two elected members of the Council would have to vote with the permanent members before action could be taken. That is a minor point but perhaps an improvement.

Secondly, on the central difficulty over the veto power of the permanent members, Roosevelt proposes an ingenious compromise. The suggestion is that on all but procedural matters an affirmative vote, including the votes of the permanent members, should be required, except that parties to a dispute should not vote on decisions relating to the pacific settlement of disputes or on decisions to refer a dispute to a regional agency for settlement. This would seem to mean in practice that a great power involved in a dispute could not prevent the Security Council from taking cognizance of the dispute and could not vote against any recommendations which the Council might make for its settlement short of the application of some sort of sanctions. If it came to the application of sanctions (which only would arise after the Council has decided that the dispute "constitutes a threat to the maintenance of international peace and security") voting power on the Council of those involved would be restored.

This is an improvement on giving the permanent members a veto power in all circumstances but it does not remove the central objection that it places them above the law imposed on other members. One danger in adopting the plan might be that a permanent member might be tempted, in order to maintain its right of veto, to press its differences with another state to the point at which the issue constituted a threat to peace from the beginning, thus placing itself in a position to prevent the Council from initiating the procedure for pacific settlement.

We are asked to let London have our views on this. I think that we cannot say that the proposed arrangement is satisfactory but that we should not say that it is unsatisfactory. We can go so far as to recognize that this may be the best arrangement on which agreement can be secured in Moscow.

The telegram also raises another important point. At the end of the Dumbarton Oaks meeting it was stated in both Washington and London that the points still in dispute would be discussed at a meeting between the heads of the Governments of the three powers. The President now proposes dropping this plan and suggests that a meeting should be held as soon as possible of representatives designated by heads of Governments to reach agreement on the question of voting in the Council and to discuss arrangements for a general conference. One must sympathize, I think, with the desire in Washington to have the Charter ready for submission to the Senate in June or July.

You have already accepted my suggestion that we might present a statement of our views on the steps necessary to strengthen the position of leading secondary states. This is a tricky document to prepare but I hope to have a draft to submit to you within a few days. This telegram makes me think that we should have it ready for presentation in Washington, Moscow and London immediately after the New Year.

**402.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 245 Ottawa, December 22, 1944

TOP SECRET. Addressed Dominions Office No. 245, repeated to Canberra, No. 29, Wellington No. 29, Pretoria No. 28.

Your telegram Circular D. 1827 of December 18th. General International Organization.

1. We recognize that a compromise along lines proposed by President Roosevelt may be the best attainable solution of the problem of voting procedure in the Security Council. It would, however, still leave the great powers above the law proposed for all other states in relation to the central function of the Council of dealing with threats to peace. Furthermore, it could conceivably encourage a permanent member to turn a difference with another

state at once into a threat to the peace under Chapter VIII B, in order to prevent its consideration by the Security Council under Chapter VIII A. At this stage we do not feel called upon either to approve or to disapprove the suggestion.

2. We recognize the importance of seeking to meet the views of the State Department on timing set forth in paragraph 6 of your telegram.

3. We feel, however, that before the draft proposals are formally submitted as a basis for a general conference a further effort should be made to meet the difficulties which we have already brought to your notice in connection with the position of the more important secondary states. These difficulties centre around (a) the selection of non-permanent members of the Council and (b) the authority of the Council to demand positive and perhaps drastic action from Member States not represented on it in order to enforce its decisions. The activities of the Latin-American group at the Chicago Aviation Conference increase our concern that it may prove impossible to amend the proposals in the desired direction at a general conference. We consider that there is a greater chance of securing approval if the amendments are included in the draft at this stage of discussion between the great powers and before its presentation to other governments. We consider that such amendments would increase the authority of the Security Council and thereby improve its effectiveness. We, therefore, hope that this matter will be pressed if the early meeting proposed by the President between representatives of the United Kingdom, United States and Soviet Governments takes place.

4. We have received information that General de Gaulle informed the Soviet authorities while in Moscow that he thought it was vital for the security of France and for the operation of the general organization that the "middle powers" should be effectively associated with the enforcement of peace. The Russians are said to have indicated that they did not dissent.

5. We intend shortly to submit a statement of our views on these points to the United States and Soviet Governments and perhaps to some others. While other parts of the proposals seem to us to require expansion or amendment before they can be incorporated in the Charter, most of these further questions can probably be considered satisfactorily at a general conference and need not be raised at this stage.

6. In my telegram No. 188 of September 28th to Mr. Churchill I suggested that it would be difficult to secure acceptance at this time of permanent and indefinite obligations to assist in all circumstances in the enforcement of settlements prescribed by the Council. Mr. Churchill in his speech in the House of Commons on the same day indicated that he thought that temporary arrangements to bridge the transition period were essential. The public reception accorded to the Dumbarton Oaks proposals in many countries strengthens our belief that this approach has much to commend it. We should

be glad to learn whether you intend to put forward proposals to this end at the projected tripartite meeting.[42]

**403.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa], December 30, 1944

I attach a draft of the memorandum[1] which the War Committee decided last week should be presented to the powers that took part in the Dumbarton Oaks meetings. In preparing this draft we have had in mind that it would probably be published eventually and that it was desirable, while making our suggestions as specific as possible, to put them forward in such a way that if our points were not met the Government would be free to ratify the Charter without laying itself open to a charge of gross inconsistency. I think that the memorandum should be presented personally by the Ambassadors in Washington, Moscow, Chungking and Paris and by Massey in London with a verbal explanation which could include certain things that it is not expedient to say in a written document at this time. They might be instructed to refer to the activities of the Latin-American bloc at recent conferences and notably at Chicago and they might be asked to develop the last paragraph of the memorandum which proposes that standards should be established for eligibility for election to the Council. We considered putting in some specific proposals but decided that it was better to leave this difficult matter open at present. There are various devices, none of them satisfactory in itself, which would go some distance towards meeting our views. These include such schemes as a system of weighted voting for elections with a number of votes to be cast by each state reflecting its order of international importance, restriction of choice to countries which have made satisfactory agreements to give military assistance and also to countries which have discharged their financial obligations and possibly the development of some means of controlling nominations so as to reduce the pressure from blocs of states.

I think that the instructions should go out before the end of next week. The War Committee has approved their despatch and the memorandum contains no new statement of policy.

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[42]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
Approved by War Committee. 22/XII/44 H. W[rong]

**404.** W.L.M.K./Vol. 342

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa], January 4, 1945

The American Ambassador came to see me this afternoon to tell me that he had just been informed by the State Department that he would be furnished with full information about the agenda of the Conference of Foreign Ministers in Mexico City[43] and would be kept currently informed of the proceedings. He said that he had asked the State Department that this should be done in view of the importance which he attached to the position adopted by the Canadian Government. He added that the conference was expected to open about February 15th and that the central subject of discussion would be the Dumbarton Oaks proposals.

Mr. Atherton commented that Canada had had an opportunity already of making known its views through the United Kingdom Government and that the Latin-American countries had had no such opportunity. I said that while this was true I personally felt that it was very important for the administration in Washington to give weight to our views. I pointed out that criticism in Canada of the Dumbarton Oaks proposals would be picked up by the isolationists in the United States and might become — especially if injected into the Canadian election — a factor of some account in the consideration by the Senate of the Charter of the new organization.

Mr. Atherton said that he agreed most cordially with this and went on to speak rather obscurely of some new development in the making whereby he expected that the United States Government would consult with us on issues of foreign policy. I told him that it was likely that within the next few days we would present in Washington and in the other capitals of the great powers a very brief statement of the special difficulties which we were encountering in considering the Dumbarton Oaks proposals. He said that he was sure that this would be given every consideration. I explained that this statement was not directed towards the conference in Mexico City but towards the projected discussions between the great powers for the completion of the proposals.

The general tenor of his remarks was that it was intended at Mexico City to give the Latin-American countries a chance of feeling that they were participants in the international consultations. I took the opportunity of saying that I thought it would be most unfortunate if the meeting concluded in a programme agreed between the nineteen Governments to be represented at Mexico City which would not meet our special difficulties. He replied that he

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[43]La Conférence interaméricaine sur les problèmes de la guerre et de la paix, Mexico, du 21 février au 8 mars 1945. Voir le document 723.
Inter-American Conference on Problems of War and Peace, Mexico City, February 21-March 8, 1945. See Document 723.

would be able to furnish current information on the discussions there and would pass on at once any comments which we might care to make.

I felt in the course of this conversation that there was come consciousness on Mr. Atherton's part that his Government had not been doing all it should to consider the Canadian point of view. I emphasized to him that we were being very careful to say nothing which would make it harder to secure the acceptance in the United States of the Dumbarton Oaks proposals and that this had led us to refrain from giving publicity to the very serious difficulties which they caused for Canada. Unless steps were taken to meet these difficulties, however, it could not be expected that public discussion sooner or later could be avoided.

H. W[RONG]

**405.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa], January 8, 1945

. . .

INTERNATIONAL SECURITY ORGANIZATION

5. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, referring to the discussions at the meeting of December 22nd, submitted and read a draft memorandum setting out certain suggestions for revision of the Dumbarton Oaks proposals for a general international organization. The memorandum was intended for communication to the governments of the United States, the United Kingdom, the U.S.S.R., China, and probably France, prior to the calling of a general international conference.

After stating that the government welcomed the proposals published by the Great Powers, the memorandum went on to point out that in certain respects they created special difficulties for Canada and probably for other intermediate states not permanently represented on the Council.

It was, therefore, suggested that, since recognition had been given to the primary responsibilities of the Great Powers for the maintenance of peace by according them permanent membership on the Council, some corresponding recognition be given to the differing degrees of responsibility which other United Nations would be asked to assume. The potential contribution of Canada and a number of similarly situated states would be substantial. It was questionable whether such countries would be willing to accept the proposed obligations or be able to ensure effective collaboration, unless some means were devised of associating them more effectively with the work of the Council. This might be done by adjusting the powers conferred on the Council and by ensuring that elected members were chosen in relation to their contribution to the maintenance of security.

In order to accomplish this purpose, decisions of the Council concerning the determination of threats to security and consequent action should be made binding initially only on states which were members of the Council and a state not represented should be required to take positive action only upon decisions endorsed by a two-thirds majority of the Assembly, or when such state had participated in the Council's proceedings, or had agreed to join in a particular task of enforcement.

It was felt that the acceptance of these suggestions would contribute to the effectiveness of the organization and assist in meeting the difficulty of obtaining the support of states in a position similar to that of Canada.

(External Affairs memorandum, Jan. 3, 1945).[44]

6. THE PRIME MINISTER expressed general agreement with the draft memorandum submitted, but felt that the reference to participation in Council deliberations should be clarified to convey a sense of participation as a member of the Council.

7. THE WAR COMMITTEE, after considerable discussion, agreed that the memorandum, revised in the particular mentioned by the Prime Minister, be referred to the Cabinet for consideration at the earliest opportunity.

. . .

**406.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa], January 9, 1945

. . .

INTERNATIONAL SECURITY ORGANIZATION;
DUMBARTON OAKS PROPOSALS

5. THE PRIME MINISTER submitted and read a draft memorandum which had been considered the previous day by the War Committee.

If approved, it was intended that this memorandum form the basis of communications to the governments of the U.K., U.S., the U.S.S.R., China and probably France.

. . .

The War Committee were satisfied that the views expressed in the memorandum as to possible amendment of the Dumbarton Oaks proposals would make the international organization more acceptable to Canada and other States in a similar position, thus providing for more general support in the organization of security.

It was felt that these views should be made available to the Great Powers in advance of the forthcoming meeting between Mr. Churchill, President

[44]Voir le document 409./See Document 409.

Roosevelt and Marshal Stalin,[45] and that they would have a better chance of acceptance if considered before the calling of a general international conference.

(External Affairs draft memorandum, Jan. 3, 1945).†

7. THE CABINET, after discussion, approved the draft memorandum submitted for immediate communication to the Great Powers, as representing the views of the government.

. . .

**407.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 44 London, January 10, 1945

IMPORTANT. TOP SECRET. My telegram of August 31st, 1944, Circular D. 1237.† World Organisation and Soviet Constituent Republics.

When Soviet representative at Dumbarton Oaks proposed that 16 Soviet Constituent Republics should be Founder-Members of World Organisation, he agreed, at instance of United States representative, not to pursue it at the time. Although Soviet representative did not at first raise objection to recommending inclusion of "Associated Nations" (i.e., Chile, Ecuador, Egypt, Iceland, Paraguay, Peru, Uruguay and Venezuela), he did so later. No definite conclusion was reached on this point and eventual recommendation was (Chapter 3) that "membership of the Organisation should be open to all peace-loving States."

2. We are now considering what attitude we should adopt on the question of membership in any further international discussions.

3. Soviet Constituent Republics. In this connection, we have referred to views expressed by other British Commonwealth Governments in July, 1944, in reply to my telegram June 29th, 1944, Circular D. 947†. It seems to us that, if the Soviet claim is accepted in case of World Organisation, it would have to be accepted in all other cases and recognition of Constituent Republics as independent sovereign States and exchange of diplomatic representatives would follow as a matter of course. If, however, Soviet Government could be persuaded to withdraw their claim in this case, other cases should be dealt with separately later. In any event we feel that, whatever the exact constitutional position of Constituent Republics, issue will have to be dealt with as a political and not as a constitutional question.

4. From point of view of purely British interests, it would clearly be better that World Organisation machinery should include only one Soviet vote and

[45]La Conférence de Yalta, du 4 au 11 février 1945.
The Yalta Conference, February 4-11, 1945.

not sixteen (or seventeen, if Soviet Union had a vote as well as sixteen Republics). If, as would probably be the case, U.S.S.R. could rely on support both of Constituent Republics and certain neighbouring States, it might command a bloc of twenty-two or twenty-four votes which might represent more than one-third of total votes in Assembly, at any rate in early years.[46] If it were the rule that a two-thirds majority would be needed for important decisions, Soviet voting strength would not suffice to carry the day without support of a large number of other States, but it could block decisions of which Soviet Government disapproved.

5. Immediate practical consideration, which carries much weight with us, is that it could be argued that on paper Constituent Republics have more autonomy in foreign affairs than India, e.g., their own Foreign Ministers, their own armed forces, right to enter into agreements with other countries and right to exchange diplomatic and Consular representatives, even though Soviet Government retains "representation of Union in international relations, conclusion and ratification of treaties and establishment of general character of relations between Union Republics and 'foreign States'." Whatever facts may be, it would be invidious for us to enter into detailed argument with Soviet Government as to precise practical significance of theoretical constitutional position.

6. Nevertheless, we feel that inclusion of 16 Republics with votes might, in practice, so undermine authority of World Organisation as to render it unworkable. Soviet Union would, in effect, be in a position to cast nearly one-third of total votes in elections for non-permanent members of Security Council, members of Economic and Social Council, and judges of Permanent Court of International Justice. We have not overlooked Latin-American bloc of some twenty votes. But these are not under absolute control of a single Government in same way as Soviet votes would almost certainly be. We feel grave doubts whether other countries would accept Soviet claim and some, such as China, France and Brazil, might claim additional votes for parts of their territory. In particular it seems highly unlikely that the United States Government would accept membership in a World Organisation in which they had only one vote and the Soviet government controlled sixteen or seventeen, and United States membership is a fundamental assumption.

7. We consider that our aim should be:

(a) To make World Organisation work effectively, and

(b) To avoid friction with either Soviet Government or United States Government.

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[46]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
only by taking in ex-enemy states: Finland, Bulgaria, Roumania and Hungary, wh[ich] will not be initial members.

As their views are so far apart, the following courses seem open to us:

(1) To agree to Soviet claim. This would put us in an embarrassing position vis-à-vis United States Government and might easily wreck whole Organisation.

(2) To adopt attitude of flat opposition. The constitutional position of India makes this difficult and Soviet Government might attribute opposition to purely political grounds.

(3) To let the United States Government take the initiative in opposing the views of the Soviet Government. It would then be open to us to accept some compromise acceptable to both Soviet and United States Governments provided that it would not exclude India. If deadlock were reached, we could declare our support for United States Government.

8. Associated Nations. We consider that we should support inclusion as initial members of countries named in paragraph 1 above, plus Turkey.

9. We should be glad of views of other British Commonwealth Governments.

**408.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*[47]

*Secretary of State for External Affairs to High Commissioner in Great Britain*[47]

TELEGRAM 89 Ottawa, January 12, 1945

IMPORTANT. SECRET. My immediate following telegram contains memorandum for communication to the Governments represented at the Dumbarton Oaks meetings and to the French Government. You should personally present it at earliest opportunity to the Secretary of State for Dominion Affairs. You should inform Lord Cranborne that we are carrying out the intention notified in paragraph 5 of our telegram No. 245 of December 22nd, and that while the United Kingdom Government is already aware of our views, we wish to let them know the exact form of the written and oral representations which we are addressing to the other Governments concerned. We are communicating the memorandum to the Governments of Australia, New Zealand and South Africa through our High Commissoners.[48]

2. You should supplement the memorandum verbally along the lines of paragraphs 3, 4, 5 and 6 of this message.

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[47]Des instructions semblables furent envoyées le même jour aux ambassadeurs en France, en Union soviétique et aux États-Unis ainsi qu'au chargé d'affaires en Chine.
Similar instructions were sent the same day to the Ambassadors in France, the Soviet Union and the United States and to the Chargé d'Affaires in China.

[48]Le mémorandum fut communiqué aussi aux ministres des Affaires étrangères de Belgique et des Pays-Bas.
The memorandum was also communicated to the Foreign Ministers of Belgium and The Netherlands.

3. The Canadian Government is deeply convinced of the necessity of establishing an effective general security organization in which it would wish to play its due part. The suggestions in the memorandum are put forward in the belief that their adoption would both strengthen the organization and facilitate completion at a United Nations conference of a Charter based on the Dumbarton Oaks proposals. The expansion in other respects of the Dumbarton Oaks proposals can in our view be considered satisfactorily at the proposed general conference.

4. Our reasons for feeling that these changes should be made now are indicated in the memorandum. You should point out in addition that in recent large conferences groups of states have exercised a disproportionate influence on decisions by adopting a common line of action. For example at the Chicago Aviation Conference the Latin-American States (which would cast nearly half the votes at a conference of the United Nations) were able to secure the election of an agreed slate of countries to the interim aviation body. We feel that similar tactics might be employed at a general international conference to resist amendments designed to protect the position of countries of roughly the order of international importance of Canada.

5. The memorandum deliberately avoids proposing specific amendments because there are alternative means of meeting most of the points. With regard to the suggestion in paragraphs 7 and 8 that some standard of eligibility should be adopted to regulate election to the Council, we realize that there is no single satisfactory method of achieving this. In the proposals the difficulties of defining what constitutes a great power have been avoided by naming the powers with permanent Council membership. The difficulties of defining a so-called "middle power" are still greater. It might be necessary to fall back on some special method of nomination to restrict the choice of the Assembly. Another possibility would be the introduction of weighted voting at council elections, each state being entitled to cast a number of votes related to its financial or military contribution. Certain general disqualifications could in any event be included, such as rules debarring states which have not made satisfactory military agreements and states in default on their financial obligations to the organization.

6. You should specially emphasize the importance which we attach to paragraph 6 of the memorandum. The suggestions made therein (or other changes with equivalent effect) seem to us essential if wide membership of the organization is to be attained.[49]

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[49]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
approved by P.M. 12/1/45.

**409.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*[50]

*Secretary of State for External Affairs to High Commissioner in Great Britain*[50]

TELEGRAM 90 Ottawa, January 12, 1945

IMPORTANT. SECRET. Reference my immediately preceding telegram. Following is memorandum for presentation, Begins:

"1. The Canadian Government has welcomed the proposals for the establishment of a general international organization published by the Governments of the United States, the United Kingdom, the Soviet Union and China. Certain parts of the proposals, however, create special difficulties for Canada and probably for other states as well. The difficulties relate to the means whereby the cooperation of these states in fulfilling the obligations placed upon the Security Council can best be assured, and the authority of the Security Council thereby increased. Because of the high importance of enlisting the greatest possible measure of support, the Canadian Government believes that the proposals should be expanded or otherwise amended to reduce these difficulties, and is of the opinion that the desired changes can most effectively be introduced before the proposals are formally submitted as the basis for an international conference.

2. The proposals recognize the primary responsibilities of the great powers for the maintenance of peace by according them permanent membership in the Security Council. It is also generally understood that, when the proposals are completed, the individual concurrence of the great powers will be required in certain important classes of decisions. There is, however, no corresponding recognition in the proposals that the responsibilities which other members of the United Nations are asked to assume differ greatly, despite the fact that their power and their capacity to use it for the maintenance of peace range from almost zero upwards to a point not very far behind the great powers.

3. Under the proposals a country which would be called upon to make a substantial contribution to world security has no better assurance of election to the Security Council than the smallest and weakest state. Furthermore, such a country, when not holding an elected seat on the Security Council, would be required to obligate itself to accept and carry out the decisions of the Council, — decisions which might entail drastic action on its part under the provisions of paragraphs 3, 4, 5 and 6 of Chapter VIII B. Such action might even be required by the Council without any consultation with the government of the country in question. In contrast, a great power is ensured of participating fully

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[50]Envoyé également aux ambassadeurs en France, en Union soviétique et aux États-Unis ainsi qu'au chargé d'affaires en Chine.
Also sent to the Ambassadors in France, the Soviet Union and the United States and to the Chargé d'Affaires in China.

in all the deliberations of the Security Council and is likely also to be assured of exercising a right of individual veto on many of its decisions.

4. It is open to question whether a country such as Canada could undertake to accept such an obligation or could, if the obligation were to be initially accepted, ensure effective collaboration in the indefinite future. Canada certainly makes no claim to be regarded as a great power. The Canadian record in two great wars, however, has revealed both readiness to join in concerted action against aggression and the possession of substantial military and industrial capacity. There are a number of other states the potential contribution of which to the maintenance of future security is of the same order of magnitude. The support of these states is important to the maintenance of peace, and the active collaboration of some at least of them would probably be required for the execution of major decisions of the Security Council under Chapter VIII B of the proposals.

5. The question therefore arises whether it is possible, within the framework of the general scheme, to devise means of associating more effectively with the work of the Security Council states of the order of international importance of Canada. This might be achieved by making some changes in the powers conferred on the Council, and by ensuring that such states were chosen to fill elected seats on the Council more frequently (or possibly for longer periods) than states with less to contribute to the maintenance of security.

6. It is suggested that decisions of the Security Council under Chapter VIII B should be made binding in the first instance only on states which are members of the Council. States not represented on the Council should be required to take positive action only when the decision has been endorsed by a two-thirds majority of the Assembly (when it would become binding on all members), or when the country or countries concerned have by special invitation participated on the same footing as elected members in the Council's proceedings, or when they have individually agreed with the Council to join in a particular task of enforcement. The adoption of these suggestions would make it far easier for states other than the great powers to enter into agreements making available to the organization substantial military forces, facilities and assistance, and would thus increase the effective power at the disposal of the Council. Their adoption would also help to secure the requisite public support in countries not permanently represented on the Council.

7. By the acceptance of these suggestions a special responsibility would be placed upon all members of the Security Council which would not be imposed on other members of the organization. Thus the changes proposed in the authority of the Council must be considered in conjunction with the suggestion for increasing the effectiveness of the elected section, since they would increase the need for ensuring that the elected section of the Council was made up of states capable of contributing to the discharge of the Council's obligations. A serious effort should, therefore, be made to devise a system of election which would provide that due regard must be paid to the international significance of the countries chosen. If Chapter VI A of the proposals was to be submitted in its present form to a general conference of the United Nations, there would be

small chance of securing its amplification in this respect, and it is therefore urged that the question should be faced now.

8. In devising methods of achieving this end it will be generally agreed that it is important to discourage election to the Council being sought for reasons of prestige, and also to avoid the development of electoral understandings, such as those which controlled the election to the Council of the League of Nations. While it is difficult to put forward a satisfactory formula, it is believed that, given the initiative and support of the great powers, the problem can be solved."Ends.

Repeat to: The Canadian Ambassador in Washington, No. EX-133; The Canadian Ambassador in Moscow, No. 7; The Canadian Chargé d'Affaires in Chungking, No. 6; The Canadian Ambassador in Paris, No. 31.

**410.** DEA/7-Vs

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

DESPATCH 100 Washington, January 15, 1945

Sir,

Confirming my teletype WA-264 of today's date on the Dumbarton Oaks proposals, I have the honour to inform you that I left the attached memorandum[51] with the Under-Secretary of State this afternoon. I had requested an appointment with the Secretary of State, but Mr. Stettinius is out of Washington for a few days, so I saw Mr. Grew[52] instead. I also made certain additional oral observations on the memorandum along the lines indicated in your teletype EX-132 of January 12th.[53] I informed Mr. Grew that a similar memorandum was being delivered by the Canadian representatives in London, Moscow, Chungking and Paris to the Governments to which they were accredited.

Mr. Grew expressed interest in our point of view, but some doubts as to whether it would be easy to implement it. He even went so far as to mention that the doctrine of the equality of states would make it difficult to distinguish between members of the Organization in respect of election to the Security Council. It did not seem to occur to him that this distinction had already been made.

Mr. Grew said that our memorandum, and my additional observations, would be given careful consideration. He thought that I might wish to discuss the matter with Mr. Pasvolsky. I said that I hoped to do this, but I had already

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[51]Voir le document précédent./See preceding Document.
[52]Joseph C. Grew, sous-secrétaire d'État des États-Unis.
Joseph C. Grew, Under-Secretary of State of United States.
[53]Voir le document 408./See Document 408.

been requested to discuss it with Mr. Achilles and Mr. Sandifer of Mr. Pasvolsky's office.

I think that the presentation of our memorandum formally to the Under-Secretary had at least the result of impressing on the State Department the fact that we are taking this matter seriously.

I have etc.

L. B. PEARSON

**411.** W.L.M.K./Vol.391

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa], January 16, 1945

The attached draft telegram[54] is in reply to Dominions Office telegram, Circular D. 47 of January 10th.† During the last phase of the Dumbarton Oaks meetings between the United States, United Kingdom and Chinese delegations the Chinese agreed to subscribe to the Anglo-American-Soviet recommendations but pressed that the following three points should be considered for inclusion in the document to be presented by the great powers as the basis for a general conference:

(a) The Charter should provide specifically that adjustment of settlement of international disputes should be achieved with due regard for principles of justice and international law.

(b) The Assembly should be responsible for initiating studies and making recommendations with regard to development and revision of the rules and principles of international law.

(c) The Economic and Social Council should specifically provide for the promotion of educational and other forms of cultural cooperation.

The United Kingdom Government have now informed us that they have reached the preliminary conclusion that they should support the addition of these points to the proposals. The first of them would certainly be useful in dealing with criticisms of the Charter and so also would the second point to a lesser degree. It does not seem to matter very much whether or not the third point is in the Charter itself but I think that there is no objection to its inclusion.

H. W[RONG]

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[54]Pour le télégramme tel qu'envoyé, voir le document 414.
For the telegram as sent, see Document 414.

**412.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 88 London, January 17, 1945

TOP SECRET. Addressed Canada, repeated Australia, New Zealand and South Africa.

Your telegram of December 22nd, 1944, No. 245, World Organisation.

We feel with you that President's compromise solution of voting difficulty may be the best attainable. Accordingly, we are informing United States Government as in my telegram today, Circular D. 87.†

2. We are giving further consideration to paragraph 3 of your telegram. If you decide to communicate with United States and Soviet Governments as you suggest regarding your two major points, we should be glad to be kept informed.

3. We note that Canadian Government think that other parts of proposals require expansion or amendment. While we agree that details could well be left until later, it would, of course, assist our consideration of them if we could be acquainted with Canadian views before eventual International Conference.

**413.** DEA/7-Vs

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

TELEGRAM 12 Moscow, January 17, 1945

SECRET. Your telegram No. 6 of January 12th[55] regarding Dumbarton Oaks proposals.

1. Saw Molotov on January 16th and carried out your instructions. He was most friendly and appeared to be in excellent spirits.

2. I recited all points covered by your telegram No. 6 and also quoted from relevant passages of memorandum[56] to indicate more fully reasons for, and nature of, our proposals. Molotov listened attentively only interjecting when he had not clearly grasped the point I was making.

3. On conclusion of my recital, Molotov said memorandum dealt with very important questions of international concern. The document, therefore, was deserving of most careful study before any comments could be made. I could

[55]Voir le document 408./See Document 408.
[56]Voir le document 409./See Document 409.

assure the Canadian Government that Soviet Government would give immediate attention to memorandum and would take into consideration the views expressed therein before meeting of the three heads of Government.

4. The only question he asked at end of the interview was — had any of the other Governments yet expressed views on Canadian proposals. I replied that I did not think so as the memorandum was being communicated simultaneously to all five Governments. Ends.

**414.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 14 Ottawa, January 20, 1945

TOP SECRET. Your telegram Circular D. 47 of January 10th.[1] World Organisation. We feel that inclusion of the three Chinese points[57] is on the whole desirable. We should be glad to see their first and second points incorporated in the Charter, both because of their substance and because they would enlist some public support for the Charter. If the Organization takes root we should expect it to promote educational and other cultural cooperation and there would seem to be no harm in including this among the functions of the Economic and Social Council.

**415.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 202 London, January 20, 1945

SECRET. I should be glad to have as soon as possible for my guidance, some indication of your views on the South African proposal for a Commonwealth Conference to discuss World Organization. The matter has not been mentioned as yet even informally by United Kingdom officials.

MASSEY

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[57]Voir le document 411./See Document 411.

**416.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TOP SECRET London, January 27, 1945

DESPATCH A. 26

Sir,

I have the honour to inform you that I have communicated to the United Kingdom Government, through Lord Cranborne, the statement on the Dumbarton Oaks proposals for world organisation contained in your telegram No. 90 of January 12th. I have also explained this statement to Lord Cranborne in the sense of your telegram No. 89 of the same date.

Lord Cranborne has asked me to assure you that this statement will receive the fullest consideration by the United Kingdom Government, and that they will, in due course, communicate their own views on the questions concerned.[58] Such communication is, however, unlikely to be before the impending meeting between Mr. Churchill, Mr. Roosevelt and Marshal Stalin. Lord Cranborne has asked if the Canadian Government would keep the United Kingdom Government informed of any comments received from the other governments to whom the statement has been communicated.

In the meantime Mr. Holmes of my staff has discussed this statement informally with Mr. Gladwyn Jebb of the Foreign Office. I am enclosing a report of this discussion which will give some tentative indications of views held in the Foreign Office on the Canadian suggestions.

I have etc.

VINCENT MASSEY

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du premier secrétaire, le haut commissariat*
*en Grande-Bretagne*

*Memorandum by First Secretary, High Commission in Great Britain*

[London,] January 25, 1945

This morning I had a conversation with Mr. Gladwyn Jebb of the Economic and Reconstruction Department of the Foreign Office concerning recent developments with regard to the Dumbarton Oaks proposals with particular reference to the Canadian memorandum recently presented.

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[58]Non trouvé./Not located.

Mr. Jebb said that he had read the Canadian memorandum with much interest and considered that it contained a number of useful suggestions. I explained that we realized that the points of view raised in the memorandum would not be new to the United Kingdom as they were in line with those we had previously expressed. We realised also that they had received sympathetic consideration and support by the United Kingdom officials. We felt, however, that at this time it might be useful to express them directly to other governments particularly concerned. Mr. Jebb agreed strongly as to the usefulness of our doing so. He emphasised the efforts which the United Kingdom delegation had made at Dumbarton Oaks and subsequently to secure some concessions along these lines.

I asked him frankly what chances he considered there would be for some modifications in line with our wishes, and explained that there would be more likelihood of success if some decisions on these matters could be reached among the Great Powers and recommended by them to the General United Nations Conference. Mr. Jebb was not at all hopeful about the possibility of placing this subject on the agenda of the forthcoming meeting of the leaders of the Great Powers. He thought they would do well if they brought the great men to consideration of the main issues, by which I presume he meant voting in the Security Council and the future of Poland. He thought that our views might be left to consideration at the general Conference. He was inclined to think that we would have the support of such countries as the Netherlands and Belgium. When I told him that we had good reason to believe that the French and Soviet governments would be sympathetic he considered this fact encouraging. He apparently had not seen, or had forgotten, our reference to French and Soviet views in paragraph 4 of our telegram No. 245 of December 22nd to the Dominions Office.

He appreciated our fears concerning the opposition of the Latin-American bloc at the General Conference, and said that his Government was equally concerned about recent manifestations in Chicago and elsewhere. In answer to my enquiry he said that he did not think the United States would necessarily oppose our viewpoint because of their concern for Latin-American wishes.

On the question of the right of the Lesser Powers to decide whether or not they would take part in enforcement actions, Mr. Jebb was less sympathetic. He appreciated our problems and realised the difficulties we faced, but he was frankly worried about any provisions which would cause delay in the enforcement of sanctions. He seemed to think that we might be satisfied on this score if the Anglo-American thesis on the voting in the Security Council were accepted by the Russians. I attempted to point out that these two matters were not necessarily inter-related so far as we were concerned. I pointed out that the Great Powers in the Security council wielded such overwhelming force that they could take action without the support of other countries. He agreed, but said that if the Great Powers took action immediately upon a decision being

reached in the Council it would be necessary to consider the possibility of this decision being reversed if it were voted on in the Assembly. Such an event would create a very difficult situation.

On the subject of the proper representation of the Middle Powers, Mr. Jebb was in complete sympathy. He agreed that this was more than a question of the rights of the Middle Powers, and that their proper representation would actually strengthen the Security Organisation. I explained that we had been attempting to devise satisfactory formulae and we recognised that there were objections to all of them, but we hoped that some satisfactory arrangement might be achieved. I put forward as a purely hypothetical suggestion the idea that the Assembly might be asked to choose non-permanent members of the Council from a slate drawn up by the permanent members. He was interested in this idea. He recognized the difficulties — chiefly the fact that the smaller countries might object to a further restriction of the rights of the Assembly. He recognised that the Great Powers would probably propose their special friends or satellites, but he was inclined to think that even if they did the resulting slate would provide for fairly satisfactory representation.

In particular, however, he was inclined to agree with our alternative proposal to associate insofar as possible responsibilities with membership in the Council. We discussed ways and means of committing a country to a certain specified contribution to the enforcement of security before it became eligible for membership in the Council, but our efforts to reach a formula did not go very far. Mr. Jebb agreed when I suggested that it might be necessary to require countries to contribute a certain proportion of their resources rather than to stipulate the size of the contribution requested, so that there would be room on the Council, at least at infrequent intervals, for smaller countries like New Zealand or Norway which, although small in population and resources, could be expected to take a responsible attitude towards their obligations.

In conclusion I enquired how negotiations were developing concerning President Roosevelt's proposals on voting in the Security Council. Mr. Jebb stated that there was no indication at all that the Russians would agree. The State Department had been sanguine at the beginning, and he himself had thought there was some possibility of Soviet concurrence after a talk he had had with Mr. Sobolev, the Soviet Minister in London.

Mr. Jebb stated that he was very anxious to be kept in touch with Canadian views, and hoped that I would maintain contact with him on the subject.

417. DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*[59]

*Secretary of State for External Affairs to Dominions Secretary*[59]

TELEGRAM 22 Ottawa, January 28, 1945

IMPORTANT. TOP SECRET.. Addressed Secretary of State for Dominion Affairs, No. 22, repeated Canberra No. 4, Wellington No. 3, and Capetown, No. 3.

Your telegram D. 44 of January 10th. World Organization and Soviet Republics. Apart from other considerations set forth in your telegram, we feel that inclusion of Constituent Republics as separate members would probably prevent establishment of World Organization by so increasing opposition in United States and a number of other countries as to make ratification of Charter impossible. We are not sure, however, how seriously Soviet suggestion should be taken and hope that when they understand the probable consequences they will withdraw it.

2. We feel it best that United States Government should take the initiative in opposing the Soviet views and we have been considering what compromise might be found. At Dumbarton Oaks meeting the Soviet representative connected his proposal with the suggestion that the Associated Nations should become founder members. If it were agreed that original membership should be limited to countries which have signed or adhered to the Declaration by United Nations, the position of India would be protected and thirteen Latin-American states would still be initially included.[60] The basis of the Organization would not be seriously narrowed and possible Soviet apprehensions of encountering a strong American bloc under United States leadership would be reduced.

3. A more drastic solution would be the development of a system of weighted voting in the Assembly whereby the votes cast on behalf of each member would be adjusted in accordance with their contribution to the purposes of the Organization. While the difficulties in the way of developing an acceptable scheme of this sort are obvious, they may prove less formidable than the difficulties inherent in the admission of the Soviet Republics to membership.

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[59]La note suivante était écrite sur cette copie du mémorandum:
The following note was written on this copy of the memorandum:
Approved by Prime Minister before despatch. G.

[60]Voir le volume 9, document 131. Le texte y imprimé comprenait neuf États de l'Amérique latine; il fut subséquemment accepté par le Mexique, le Brésil, la Bolivie et la Colombie.
See Volume 9, Document 131. The text printed there included nine Latin American states; subsequently it was accepted by Mexico, Brazil, Bolivia and Colombia.

**418.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 363 Ottawa, February 10, 1945

SECRET. Your telegram No. 202 of January 20th.

Whether a meeting of Commonwealth countries to consider World Organization will prove possible depends on the programme agreed between the great powers. United States Government seem anxious that International Conference should take place as soon as possible. If question of Canadian participation in a Commonwealth meeting is raised with you you should take line that Canadian Government would not be opposed to such a meeting if the programme permits and other Commonwealth countries are agreeable. We should consider it undesirable, however, for tactical reasons that a meeting of this sort should take place in Canada just before an international conference in the United States and would prefer South African suggestion of a meeting in London, probably on official level.

**419.** W.L.M.K./Vol. 370

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] February 15, 1945

The discussions on the World Security proposals in which I participated in Washington over the last weekend cast new light on a number of points of considerable interest to us. My talks covered a very wide range, but in this note I shall try to set forth briefly the chief matters of importance which arose.

The State Department had arranged a luncheon on February 10th at Blair House followed by a talk with the group of officials largely responsible for formulating recommendations on policy towards the World Security Organization. These included Pasvolsky, a Special Assistant to the Secretary of State, who is in direct charge of these matters, J. C. Dunn, the Assistant Secretary of State in charge of political affairs, except those relating to Latin America, Hackworth, the Legal Adviser, Wilson, Director of the Office of Special Political Affairs, Hickerson, now Deputy Director of the Office of European Affairs, and two juniors. Pearson, Heeney, Dunton[61] and Reid attended the luncheon with me. As this discussion ended without an

[61]A. D. Dunton, gérant, Commission de l'information en temps de guerre.
A. D. Dunton, General Manager, Wartime Information Board.

opportunity for me to raise a number of points, we had a further talk with Pasvolsky on February 12th. In the interval Heeney and I had some discussion with Lord Halifax on the subject and we also had a talk with Walter Lippmann.

The most important outcome of the talks was the repeated assertion by the State Department representatives that they contemplated machinery for the enforcement of the peace treaties against Germany and Japan which would be separate from the general Security Organization and would, therefore, give effect to the so called Vandenberg proposals, amounting to a military alliance for a period of years between the great powers and perhaps some others to supervise and apply the terms imposed on the two chief enemy states. U.S. policy on this point has hitherto been far from clear, and while Pasvolsky asserted that this had been their intention for a long time, we had a feeling that the public response to Vandenberg's speeches had at least assisted in bringing about a general conversion to this view. Up to the present it has only been clear that the major allies would assume joint responsibility during the period of full military control of Germany, and it had seemed to us that the emphasis placed in the U.S. on the authority of the Security Council and the need for its rapid establishment had implied an intention that it should assume general responsibility for security when the disarmament of Germany and Japan had been completed. It is true that the Dumbarton Oaks proposals contain as their final paragraph a statement that "no provision of the Charter should preclude action taken or authorized in relation to enemy states as a result of the present war by the Governments having responsibility for such action." No elaboration of this statement, however, has as yet been offered by any of the major powers.

I pointed out at once that it seemed very important that the plans for the separate peace enforcement machinery should be developed and made known to other Governments before the International Conference was called. If all questions of security with respect to Germany and Japan were removed from the scope of the World Organization for at least a decade and perhaps twenty years after the war, the functions of the Security Council during that period would be comparatively unimportant. (It was generally agreed that the Security Council could never handle a serious dispute between two great powers which had reached the danger point). The establishment of independent peace enforcement machinery would reduce the emphasis at the conference on the Security Council and enhance the importance of the Assembly and the social and economic aspects of the Organization. The effect would be to set up transitional arrangements which would be likely to remain in operation until agreement could be reached on the readmission of Germany and Japan to the comity of nations.

I think that we made some impression by our arguments on the necessity for developing the longer range aspects of peace enforcement. In spite of Pasvolsky's assertion that U.S. policy had not recently been changed in this respect, I found that Halifax was surprised at the line which he had taken. I pointed out in passing that the separation of peace enforcement against Germany and Japan from questions of general security would set up new

problems for other countries over the composition of the controlling bodies charged with the execution of the peace treaties, but we did not go into this side. It may be that some general decisions on it were reached at the Yalta Conference.

We discussed at considerable length the points made in our recent representations to the great powers. I was left with the impression that our memorandum had not been very seriously considered in the State Department but that some at least of our purposes might win their support. Our central objection relates to the powers of the Security Council to require states not represented on it to take serious action for the enforcement of its decisions. Pasvolsky indicated that he thought that the Council should be able to demand facilities (i.e., especially transit rights for military forces) from all members of the Organization but that the provision of armed forces might only be required with the consent of the country concerned. He seemed to think, however, that the Council ought to be able to require all members of the Organization to join in economic sanctions and to take such political steps as the severance of diplomatic relations. He would, therefore, probably oppose our suggestion that the Council's decisions under Chapter VIII B ought to be binding only on Council members in the first instance, and would prefer to make particular exceptions relating to the provision of armed forces.

With respect to our alternative proposals of various means of associating member states with Council decisions, the American officials seemed inclined to resist the suggestion that certain decisions of the Council might be generalized through approval by the Assembly. We discussed at considerable length our proposal for enlarging the Council ad hoc by adding to it as temporary members states whose interests were directly involved in a dispute. They were not sympathetic to this proposal (which incidentally appears in the League Covenant) but the most explicit reason they gave was that its adoption would upset the voting rules in the Council. We pointed out that this objection was easily met by requiring say a two-third majority instead of a set number of votes, but I think that we shall have difficulty in getting much improvement in the present text.

I was not able to make progress with our suggestion that criteria should be established to ensure the election of the leading secondary states to the Council more frequently than the election of small and unimportant states. The Americans produced the obvious and formidable objections to any effort to classify all the states of the world in accordance with their international significance. I think, however, that they would not oppose a minor addition to the Charter stating that in electing the non-permanent members of the Council the Assembly should pay due regard to the contribution to the purposes of the Organization of the states chosen. This would be some improvement. They would also probably support a specific disqualification of states which failed to fulfill their obligations under the Charter.

I brought up the question of the absence of any provision in the proposals which would permit states to withdraw from the Organization. Pasvolsky stated that all the great powers were opposed to the inclusion of a right of

withdrawal such as that which appeared in the Covenant. I suggested as an alternative that there should be added a clause providing for the general review of the Charter after a fixed term of years which would give states dissatisfied with its operation or with the amendments then made in it an opportunity to drop out. I suggested that such a review might coincide with the termination of the separate arrangements to enforce the peace treaties against Germany and Japan. Pasvolsky said that consideration should certainly be given to this idea and seemed sympathetically disposed while implying that no decision had been reached in the State Department.

I was not able to get much clarification of the rather obscure provisions of Chapter VIII B of the Charter relating to the military agreements which all members would be expected to conclude. These agreements would place forces, facilities and assistance at the disposal of the Council. It was indicated that in the first place such agreements should be concluded between the great powers and that then other states should be brought in jointly or separately with an eye to the strategic considerations in each region. Pasvolsky readily agreed that it would be impossible for Canada to determine what obligations she might properly assume until agreements had been negotiated by the United States and United Kingdom.

A number of smaller countries have been pressing for the inclusion of a territorial guarantee on the lines of Article X of the Covenant. I gathered that this will be resisted by all the great powers on the grounds that adequate protection against arbitrary action is given by the statement of principles in paragraphs 1, 3, and 4 of Chapter II. They feel that a guarantee of territorial integrity would be next to no real defence in modern warfare and might serve only to warn an aggressor of what he should avoid doing. They considered that the related problem of "peaceful change" is adequately covered by the powers of both Assembly and Council to make recommendations on matters affecting the peace of the world.

We did not discuss at any length the problem of voting in the Council except to point out in various connections that the compromise agreed to by the Big Three at Yalta[62] would give the great powers a privileged position over all other states which would be hard to defend in smaller countries and would, therefore, increase the difficulties of ratification.

We also had a long discussion of the planning of the economic and social activities of the Organization into which I need not go here. The information acquired will be of great assistance in our own preparations for the San Francisco conference. Their intention is to keep the provisions of the Charter on this side as flexible as possible and I think that there is a great deal to be said for this.

As for the seat of the Organization no decision had been reached or ever attempted. The Russians were strongly opposed to Geneva but were not committed to Vienna or any other site. The Americans thought that the Assembly, the Security Council, the Economic and Social Council and some of

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[62]Voir le document 454./See Document 454.

the other bodies might meet in different countries although they would have to have a permanent base. I think that they underrate the confusion and waste of time arising from improvising arrangements for large international gatherings in places without special facilities. They are opposed to concentrating at one point the seats of the various specialized organizations, such as the I.L.O. and the Organization of Food and Agriculture.

In general I found that there was very little disposition to consider amendments to the Charter although there was recognition that its expansion at some points was required. The Conference of the American Republics at Mexico City may prove enlightening as I should judge that they underrate in Washington the opposition to some of the proposals. As for the general conference they did not learn that San Francisco had been selected for it until just after my discussions at the State Department ended. They will have considerable difficulty with the physical arrangements since San Francisco, I am told, is greatly overcrowded already.

H. W[RONG]

**420.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 333 London, February 22, 1945

IMPORTANT. TOP SECRET. My telegram Circular D. 263 of February 10th.

*World Organization.*

Now that it has been decided to issue invitations to all United Nations to participate in Conference at San Francisco on World Organisation on 25th April, we feel that time has come to reach definite decisions with regard to preliminary gathering of British Commonwealth representatives referred to in my telegram of January 17th, Circular D. 89.[1]

2. In view of the immense importance of this issue for each and all of the members of the Commonwealth, we think it most desirable in advance of the San Francisco meeting to ensure fullest discussion and mutual understanding of our respective points of view. We feel strongly, therefore, that a preliminary meeting ought to be arranged as suggested. We are most grateful for the views on the Dumbarton Oaks scheme which we have received from Dominion Governments and these have been and are receiving the most careful consideration here, and we shall be quite ready to discuss them at a meeting.

3. As regards place, we should suggest a meeting in London. It would clearly be helpful if the Foreign Secretary who was himself at the Crimea meeting could be available for consultation, and it would be difficult for him to undertake another absence from this country in the near future before the San Francisco meeting.

4. As regards the time, there would we assume be advantage in so arranging the meetings as to afford an opportunity for the results of the discussions to be considered by the Governments before final instructions are sent to the delegates who will be attending the San Francisco Conference. From this point of view we suggest that the preliminary meeting should open on or about the 15th March so that discussions could finish by Easter and leave three weeks available before the San Francisco meeting opens.

5. The magnitude of the issues raised would naturally seem to indicate discussion at the Ministerial level, but, if any Government found it impracticable to be represented by a Minister, we should welcome representation by appropriate officials. It is suggested that I, as Secretary of State for Dominion Affairs, should preside at the meeting.

6. Opportunity could conveniently be taken at proposed meeting to discuss also question of territorial trusteeship which is likely to be raised in connection with the San Francisco Conference.

7. We greatly hope above suggestions regarding proposed meeting will be acceptable. We should be grateful for earliest possible reply and an indication as to who would be your representatives at the meeting. We should be delighted that delegates should be our guests while in England.

**421.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 49 Ottawa, February 26, 1945

IMPORTANT. TOP SECRET.. Addressed London No. 49. Repeated Canberra No. 7, Wellington No. 6, and Capetown, No. 6.

Your telegram Circular D-333 of February 22nd, World Organization.

We shall be glad to participate in a preliminary gathering of British Commonwealth representatives in London to discuss the Dumbarton Oaks scheme. I regret that my own attendance is out of the question and that I am not able to send a member of the Government as the Canadian representative. Mr. Hume Wrong, Associate Under-Secretary of State for External Affairs, will, however, be able to go to London to attend the meeting and to represent the Canadian Government in co-operation with the High Commissioner.

**422.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 501 Ottawa, February 26, 1945

TOP SECRET. Following from Prime Minister for High Commissioner, Begins: You will have seen Dominions Office Circular D. 333 and my reply to it. As it will be quite out of the question for me to attend the meeting myself I am taking up the suggestion made in that telegram that we should be represented at the discussions by an appropriate official and am therefore sending Mr. Hume Wrong. He has been in direct charge of our preparatory studies in this field and is thoroughly familiar with our general views on most of the questions which are likely to come up for consideration. In the circumstances I am expecting him to handle the specialized discussions which I assume will be the main object of the meetings. I think however it would be appreciated if you could arrange to be present at least at the opening sessions at which I imagine Mr. Eden will also be present. Would you convey to Lord Cranborne my regret that imperative nature of engagements here prevents my participating. As Wrong will not be taking anyone with him from Canada it would, I think, be very helpful, both to him and to your Office, to have Holmes' services made available for the duration of the meetings. Ends.

**423.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 50 Ottawa, February 27, 1945

IMMEDIATE. TOP SECRET. In view of public announcement from Canberra this morning on Australian participation in Commonwealth discussions on international security plans, it would, I think, be desirable for your Government to issue explanatory statement as soon as possible.

It would be helpful, from our point of view, if this statement could explain that meeting of Commonwealth representatives is intended to continue the exchange of views on world organization which has been proceeding through various channels over the last year. In view of the nature of the issues which will arise at the San Francisco Conference, it seems to me most desirable that your announcement should make it clear that the preliminary Commonwealth discussions will naturally not commit the Governments to any particular policies to be followed jointly at the International Conference.

I should also appreciate it if you could make it clear that, in suggesting this meeting of Commonwealth representatives at rather short notice, you had recognized that it would not, in all cases, be practicable for the Ministers who will be attending the San Francisco Conference to be present themselves at the meeting in London and had proposed, in these circumstances, that countries should be represented by appropriate officials.[63]

**424.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur au Mexique*

*Secretary of State for External Affairs*
*to Ambassador in Mexico*

TELEGRAM 35 Ottawa, February 27, 1945

TOP SECRET. With reference to Circular telegram concerning Commonwealth meeting on World Organization, you will doubtless receive enquiries from various delegations to Mexico City Conference. You should take advantage of such opportunities to dissipate any idea that the meeting's object is to create a Commonwealth bloc at the San Francisco Conference. In fact telegrams so far exchanged between Commonwealth governments on Dumbarton Oaks proposals indicate a considerable divergence of views.

**425.** DEA/7-Vs

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Under-Secretary of State for External Affairs*

Washington, February 27, 1945

Dear Mr. Robertson,

I am enclosing herewith a memorandum from the Department of State concerning the comments and suggestions which we have made on the Dumbarton Oaks proposals. This memorandum is short, vague and not particularly enlightening. Its second paragraph, however, seems to indicate that the State Department is clinging to its original views and is not likely to welcome the changes we have suggested.

I do not know what they had in mind when they wrote "or throw out of balance the character of the national contributions which will be required for

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[63]Une annonce fut faite en Grande-Bretagne le 11 mars 1945. Voir Grande-Bretagne, House of Commons, *Debates*, 5th Series, Volume 408, Column 1664; un communiqué à la presse fut émis au Canada le 2 mars.
An announcement was made in Great Britain on March 11, 1945. See Great Britain, House of Commons, *Debates*, 5th Series, Volume 408, Column 1664; a press release was issued in Canada on March 2.

this purpose," in view of the fact that our approach to this subject has been designed to create a better balance between such contributions.

Yours sincerely,

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du département d'État*

*Memorandum by Department of State*

Washington, February 26, 1945

The Department of State welcomes the comments and suggestions of the Canadian Government concerning the Dumbarton Oaks Proposals which the Canadian Ambassador handed to the Under-Secretary of State on January 15, 1945.[64] The Department feels that reaction of the Canadian Government to the Proposals should be discussed fully and with the entire frankness which characterizes Canadian-American relations. It is only through such friendly exchanges of views among governments and through public debate and discussion of the Proposals that the proposed Charter of the International Organization can be developed into a practical working instrument.

The Department is weighing the significant and helpful suggestions of the Canadian Government with the greatest care. It feels sure that the Canadian Government will agree that nothing should be done which might impair the efficacy of the proposed instrument for maintaining security or throw out of balance the character of the national contributions which will be required for this purpose.

It is the feeling of the Department that great progress was made in the direction of mutual understanding of the Proposals through the informal conversations held during Mr. Wrong's recent visit to Washington.[65] The Department would be happy at any time to explore further through informal consultation any question relative to the Proposals of interest or concern to the Canadian Government.

**426.** W.L.M.K./Vol. 397

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

TELEGRAM 51 Moscow, March 3, 1945

SECRET. My telegram No. 12 of January 17th regarding proposals for International Security Organization.

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[64]Voir les documents 408-10./See Documents 408-10.
[65]Voir le document 419./See Document 419.

1. At Red Army Day reception, Litvinof told me he had been greatly interested in our memorandum submitted to Molotov January 16th. I wrote and asked him if he would discuss the matter with me informally. He replied that he would be glad to see me, but was not authorized to endorse the matter officially. I called on him March 1st and at both the beginning and end of the interview he emphasized that he was speaking purely personally.

2. Litvinof said many countries had proposed amendments to proposals, some of which conflicted with the basis agreed upon by the four Powers. His idea had been that there should be another meeting of the Powers to consider such amendments before holding general Conference but evidently this was not the intention, and amendments proposed by other countries had not been discussed in Crimea. I gathered the impression he considered this a mistake.

3. On the subject of our proposals, he was very non-commital. He indicated that, if there were to be special qualifications for election to the Council, they would have to be based on military potential. He added that this would have to take account of ability to conscript for service overseas. I replied that it should be left to each country to decide how obligations would be carried out, but it would be easier for countries such as Canada to assume obligations if they knew they would participate in arriving at decisions.

4. Regarding what he described as our point two, Litvinof said that other countries had also proposed action subject to confirmation by the Assembly, but in his opinion this would destroy basis of proposal which placed in the Council full power for deciding on measures to avert aggression. He referred me to the article by Malinin, sent you with my despatch No. 277, August 26th,† in which it was argued that chief responsibility for combating aggression should rest with the Great Powers. He made it plain that he shared this view, but added that in the case of moral and economic sanctions all members of the Organization should be obliged to participate.

**427.** W.L.M.K./Vol. 339

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] March 7, 1945

In your discussions with the President[66] some attention will doubtless be paid to the San Francisco Conference and related questions. In this note there is suggested a number of points which you might wish to take up with Mr. Roosevelt. I have sought to put them as concisely as possible.

1. We feel that under the proposals the gap is too wide between the great powers and secondary states which have wide international interests and have

[66]Le Premier ministre était à Washington les 9, 10 et 13 mars.
The Prime Minister was in Washington on March 9 and 10 and March 13.

done their duty well during the war. The position of the great powers is carefully hedged about so as to involve no infringement on their sovereignty beyond requiring them to accept obligations to follow certain procedures and rules of conduct. All other members are placed under more stringent obligations. They have no assurance of membership in the Council beyond the chances of periodic election. When in the Council they possess no right of veto. When not in the Council — and this is perhaps our central point — they would, nevertheless, be obligated to take possibly very serious action to enforce the Council's decisions under Chapter VIII B, involving the possible application of political, economic and, finally, military sanctions by them against an offender.

This requirement raises very serious problems about securing acceptance of the Charter. The political difficulties are probably greater than the practical difficulties of operation, since the Council would in practice almost certainly need to secure the consent of any Government before asking it to take serious action of this sort. If that is true, why should not the proposals be changed to conform to the practice likely to be followed? This could be done by providing that enforcement decisions of the Council (but not action taken for the pacific settlement of disputes) would bind only members of the Council and other states which were associated with these decisions in some manner. Such association could come from temporary membership in the Council or from agreement between the Council and the state concerned or from approval by the Assembly of the decision in question. There may be other means also of meeting the point.

Connected with this is the fact that the proposals establish no standard of eligiblity whatsoever for elected members of the Council. Liberia and Salvador are as eligible under it as Brazil, Canada and the Netherlands. We doubt that the Assembly would in fact always elect responsible members of the international community who could make a serious contribution to the work of the Council. While it is very difficult to suggest an effective means of ensuring that the more important smaller states are more frequently elected, we hope that something may be worked out. We realize that attention must be paid also to regional distribution of seats.

2. It would be useful to find out what is in the President's mind about special arrangements to enforce the peace terms against Germany and Japan. If long-term engagements separate from the World Organization are envisaged (as has been suggested in the State Department as well as by Senator Vandenberg) the functions of the Security Council will be severely limited for a considerable period and the concentration of attention on it will be misplaced. It seems desirable that something more should be said by the great powers on this point before San Francisco as otherwise the delegations there will be working in the dark on an important side of the problem. If the Security Council is not called upon to act against dangers arising either from Germany and Japan or from serious disputes between the Allied great powers, the sanctions aspect of its authority will not be of great importance until the time comes for admitting Germany and Japan to the Organization.

3. Related with this is a question arising from the lack of any provision in the Charter for withdrawal or general amendment. Under the proposals a country once in cannot get out and the Charter could be changed only after amendments adopted by two-thirds of the Assembly have been ratified by a majority including the five powers with permanent Council seats. Thus each great power would possess a veto on amendment.

There is a good deal to be said for omitting provisions for withdrawals in view of the use of the provisions in the League Covenant. I think we might advocate instead the insertion of a provision requiring the general revision of the whole charter after a stated period of not more than twenty years and probably not less than ten years. As Roosevelt said in his speech the other day frequent amendments will prove necessary, and it seems to me there is a great deal to be said for calling a constituent assembly in due course to reform the whole structure. Dissatisfied members would then have an opportunity of dropping out. Such a revision might appropriately coincide with the end of any special regime imposed on Germany and Japan.

H. W[RONG]

**428.** DEA/7-Vs

*L'ambassadeur en France*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in France*
*to Secretary of State for External Affairs*

TELEGRAM 207 Paris, March 9, 1945

TOP SECRET. Reference my despatch No. 226 of March 2nd,[†] regarding Dumbarton Oaks.

Rae has been given by De la Granville, Secretary of the Paul Boncour Commission,[67] text of amendments proposed in the Dumbarton Oaks proposals by this Commission. These were presented to the French Government and formally adopted after the Yalta Conference by the Council of Ministers. One or two minor changes have been made in these amendments, but De la Granville stated they would stand substantially as instructions to the French delegates at San Francisco even if there were subsequent debates in the Assembly on International Organization. Amendments will be issued shortly in form of a memorandum to interested Governments. De la Granville stated that Canadian memorandum[68] which I handed to Bidault[69] January 14th, was

[67]Une commission pour l'étude des principes d'une organisation internationale dont G. J. Paul-Boncour, président du Comité des affaires étrangères de l'Assemblée consultative de la France, était le président.
Commission for the study of the principles of an International Organization, chaired by G. J. Paul-Boncour, President of the External Affairs Committee of the Consultative Assembly of France.

[68]Georges Bidault, ministre des Affaires étrangères de la France.
Georges Bidault, Foreign Minister of France.

[69]Voir le document 409./See Document 409.

studied in detail by the Paul Boncour Commission, and our general position regarding election to the Security Council was adopted unanimously and incorporated in the amendments. Copy of the amendments follow by bag.

**429.** W.L.M.K./Vol. 339

*Mémorandum*
*Memorandum*

[Williamsburg, Va., n.d.]

RE THE POSITION OF SMALL NATIONS IN THE WORLD ORGANIZATION:[70]

Under the proposals, the gap is too wide between the Great Powers and secondary states which have wide international interests and have done their duty well during the war.

The position of the Great Powers is carefully hedged about so as to involve no infringement on their sovereignty beyond requiring to accept obligations to follow certain procedures and rules of conduct. All other members are placed under more stringent obligations. They have no assurance of membership in the Council beyond the chances of periodic election. When in the Council, they possess no right of veto. When not in the Council — and this perhaps most serious of all — they would nevertheless be obligated to take possibly very serious action to enforce the Council's decisions under Chapter 8 (b) involving the possible application of political, economic and finally military sanctions by them against an offender. This requirement raises very serious problem about securing acceptance of the Charter.

The political difficulties are probably greater than the practical difficulties of operation since the Council would, in practice, almost certainly need to secure the consent of any government before asking it to take serious action of this sort. If that be true, why should not the proposals be changed to conform to the practice likely to be followed. This could be done by providing that enforcement of decisions of the Council — (but not action taken for the pacific settlement of disputes) — would bind only members of the Council and other states which were associated with these decisions in some manner. Such associations could come from temporary membership in Council or from agreement between the Council and the state concerned, or from approval by the Assembly of the decision in question.

Connected with this is the fact that the proposals establish no standard of responsibility whatsoever for elected members of the Council. Liberia and Salvador are as eligible under it as Brazil, Canada and the Netherlands.

It seems desirable that something should be said by the Great Powers with respect to the special arrangements to enforce the peace terms against

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[70]La note suivante était écrite sur le mémorandum:
The following note was written on the memorandum:
Original left with President who said he would take this up with Stettinius. March 13.

Germany and Japan before San Francisco, as otherwise delegates there would be working in the dark on an important side of the problem. If long term engagements separate from the world organization are envisaged, the functions of the Security Council would be severely limited for a considerable period, and a concentration of attention on it would be misplaced.

If the Security Council is not called upon to act against dangers arising either from Germany and Japan or from serious disputes between the allied Great Powers, the sanctions aspect of its authority will not be of great importance until the time comes, to admitting Germany and Japan in the organization.

Under the proposals, a country once in the international organization cannot get out, and the Charter could be changed only after amendments adopted by ⅔ of the Assembly have been ratified by a majority including the Five Powers with permanent Council seats. Thus each Great Power would possess a veto on amendment.

There is a good deal to be said for omitting provisions of withdrawal in view of the provisions of the League Covenant. It might be advisable to insert a provision requiring the general revision of the whole charter after a stated period of not more than 20 years and probably not less than 10 years.

The President has said frequent amendments will prove necessary. There is much, therefore, to be said for calling a constitutional assembly in due course to reform the whole structure. Dissatisfied members would then have an opportunity of dropping out.

Such a revision might appropriately coincide with the end of any special regime imposed on Germany and Japan.

**430.** DEA/7-Vs

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Under-Secretary of State for External Affairs*

SECRET Washington, March 14, 1945

Dear Norman:

I am enclosing herewith a memorandum from Escott Reid on the draft material[1] for the Prime Minister's statement on Dumbarton Oaks which you left with me.[71] I had hoped to have done something myself, but that has been impossible. Escott's ideas may interest you. I commend especially to you paragraph 2. I think there is a good deal in what he says in that paragraph and that we are hearing far too much these days that there is no use of the World

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[71]La déclaration fut faite le 20 mars. Voir Canada, Chambre des communes, *Débats*, première session, 1945, pp. 20-32.
The statement was made on March 20. See Canada, House of Commons, *Debates*, 1st Session, 1945, pp. 20-31.

Organization even contemplating the imposition of sanctions against a Great Power. I can recognize that certain immediate political considerations in certain countries may make it necessary to take this line, but I see no reasons why we should encourage it in Canada; especially as it is a completely defeatist line and represents a considerable retrogression from the League Covenant. Notwithstanding, the State Department here goes merrily along trying to convince the people that the Dumbarton Charter is much better than the old League Covenant because it has teeth in it. What is the use of having teeth if you cannot use them? What the Dumbarton Oaks Charter needs in fact is a little dentistry.

Yours sincerely

MIKE [PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du premier secrétaire, l'ambassade aux États-Unis*

*Memorandum by First Secretary, Embassy in United States*

SECRET [Washington,] March 14, 1945

COMMENTS ON MEMORANDUM OF MARCH 6 TO THE PRIME MINISTER[1] OUTLINING MATERIAL WHICH MIGHT BE INCLUDED IN HIS SPEECH MOVING THE RESOLUTION ON INTERNATIONAL ORGANIZATION IN THE HOUSE OF COMMONS

*Page 2, last paragraph.*

1. The statement is made that a permanent member of the Council could not block the consideration of a complaint against it by another state and an effort to solve the problem by pacific means. This is one possible interpretation of the proposals, but there is another possible interpretation, as I have pointed out in my memorandum of March 13, and which Kelsen points out in his article in the *American Journal of International Law*.

2. The statement is made that a great power can block punitive action, but in that event the Organization would be in danger of dissolution since it could not hope to be strong enough to coerce a great power. It can be argued that this is a half-truth. The Organization, through the use of the quota forces put at its disposal, would, presumably, not be in a position to coerce a great power even if the constitutional bar to the imposition of sanctions against a great power did not exist. However, if all the members of the Organization, other than the aggressor great power, were willing to pool all their forces in a total war against that great power, they would probably be strong enough to coerce it. Surely, indeed, the lesson to be drawn from the history of the thirties is that if a great power should, in future, act in such a way as to convince the other great powers that it is determined to dominate the world by force, the only way to prevent a world war from breaking out will be for the other great powers to form immediately an alliance against it and to declare that the moment it

commences aggression they will in combination wage total war against it until it surrenders unconditionally. Such a threat might conceivably bring the state which is planning aggression to its senses and so prevent the war from breaking out. In spite of the constitutional bar against the imposition of sanctions against a great power, the provisions and machinery of the Charter will facilitate the formation of such an ad hoc temporary alliance since the discussions in the Council of a complaint against a great power will provide an opportunity for the other great powers to determine whether or not that great power is a menace to world peace. Before they pronounce sentence of guilt against it they will, if they are sensible, have forged an alliance against the guilty state.

*Page 3, third paragraph.*

3. It is stated that the provisions in the proposals for peaceful settlement should normally be sufficient to deal with disputes of all sorts. For the reasons given in paragraph 1 above, it is arguable that this statement goes too far. It also fails to take into account the weakening of the system of peaceful settlement by the reservation of matters of domestic jurisdiction which are very often, if not most often, the occasions for the really serious disputes between nations.

*Page 4, third paragraph.*

4. It is stated that the Security Council could never be strong enough to coerce a great military power even if the veto were removed. For the reasons given in paragraph 2 above, it can be contended that this statement is a half-truth.

*Page 5, first two lines.*

5. It is stated that the Security Council cannot deal with really dangerous disputes involving a great power as a party. The words "deal with" are ambiguous. If the Security Council is given power to make recommendations, which have no binding force, on the settlement of disputes even if they involve great powers it will be "dealing with" the dispute. It is to be hoped that one thing which the Canadian Government will push hard for at San Francisco will be the limitation of the individual veto of a great power to the one question of the imposition of sanctions.

*Page 6, second paragraph.*

6. The list of functional inter-governmental bodies which have been or are likely to be set up is incomplete. The Universal Postal Union, as well as the I.L.O., is already in existence. Among the organizations which have already been conceived are the International Civil Aviation Organization and the Organization for Cultural and Educational Reconstruction. Proposals have been made for the establishment of international organizations dealing with telecommunications and shipping.

*Page 7, second paragraph.*

7. It can be contended that it would be unwise to include this paragraph in the Prime Minister's statement. The next paragraph would be sufficient to indicate that the Canadian delegation is not going to make any vain attempt to alter the whole structure contemplated in the Dumbarton Oaks proposals. There would seem to be no necessity for us to announce publicly before the Conference opens that we are going to accept a treaty resulting from the San Francisco Conference even if none of the obscurities and deficiencies of the Dumbarton Oaks proposals are remedied. Moreover, this would be a promise which the Canadian Government might not be able to fulfil. Another criticism which could be made of this paragraph is that it is only a half-truth to say that it is absolutely essential that the treaty adopted in San Francisco should be acceptable to the great powers. It is equally essential that it be acceptable to a very considerable number of the middle powers and the small powers.

*Page 8, second paragraph.*

8. It is stated that we hope that some procedure will be devised whereby states not sitting on the Council would not have to undertake serious enforcement action without participating in the Council's proceedings or separately agreeing in some manner to join in executing its decisions. This would not cover the possibility that we would be prepared to be bound by a two-thirds vote of the Assembly ratifying the Security Council's decision, even if we voted in the negative.

*Page 9, first paragraph.*

9. It is stated that it is very difficult to make any acceptable scheme of arranging all states in order of international importance for the purpose of election to the Security Council. Compared with other problems of drafting the treaty, surely this is not one of the most difficult problems. The middle powers can be defined as those which bind themselves to make the largest contributions of forces and facilities under the special military agreements. Though there would be difficulty in finding a common denominator for forces and facilities, these difficulties might well prove not to be so great as to warrant the statement that they would be "very difficult". Moreover, other states at San Francisco are going to emphasize the difficulties of defining the middle states and it would not seem to be necessary for the Prime Minister of Canada to draw particular attention to these difficulties.

*Draft resolution of March 6.*

10. It is suggested that the resolution proper might read as follows:

"Therefore be it resolved that this House

(1) Endorses the action taken by the Government of Canada in agreeing to send representatives to the conference to participate in discussions based on the proposals made public by the four inviting governments;

(2) Recognizes the vital importance to Canada of the establishment as soon as possible of the most effective international organization for the maintenance of international peace and security which can be established under present conditions, an organization of which Canada should be a founder member;

(3) Approves of the Canadian delegation to the San Francisco Conference using its utmost efforts to secure the establishment of such an organization."

**431.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*
*Memorandum by Associate Under-Secretary of State for External Affairs*

[Ottawa,] March 15, 1945

QUESTIONS ARISING FROM DUMBARTON OAKS CONFERENCE ON WHICH FURTHER GUIDANCE SEEMS NECESSARY BEFORE THE COMMONWEALTH DISCUSSIONS IN LONDON

The Commonwealth meeting in London beginning on April 4th will be concerned with all aspects of the draft proposals. Hitherto we have paid attention chiefly to those aspects which created special difficulties for Canada. There are a number of other important matters on which the Canadian delegation will have to take a position at San Francisco. It would be very helpful for the Canadian representatives at the London talks if some preliminary consideration could now be given to some of these points. They are stated briefly below, together with the line which might be adopted by the Canadian representatives. It is not necessary to reach firm decisions at this stage but rather to learn whether the general line suggested is acceptable.

1. *Additions to the purposes and principles of the Organization.*

(a) Several governments, including New Zealand, maintain that a guarantee of the territorial integrity and political independence of members should be added on the lines of Article 10 of the League Covenant. Strong objection was taken by Sir Robert Borden to the inclusion of this article at the Paris Conference and its interpretation was later whittled down, partly on the initiative of the Canadian delegations at Assemblies. A non-committal attitude might be adopted at present, since the importance of such a guarantee depends on the methods proposed for its enforcement. Several countries may wish its inclusion because of their fears of Soviet aggression and their memories of the Munich Agreement.

(b) Under one of the principles all members would undertake to refrain from the threat or use of force in any manner inconsistent with the purposes of the Organization. The voting procedure in the Security Council, however, could be used by any great power to block the application of sanctions and by any great power not party to the dispute to block even any consideration of a dispute. It seems necessary, therefore, in some way or other to cover the contingency that a serious dispute has arisen on which the Security Council cannot act because

the veto power of a permanent member has prevented a decision. This will present very difficult problems and at the London talks the Canadian representatives might confine themselves to drawing attention to the difficulties without putting forward suggestions for solution. A partial solution might be to provide that in such a contingency the Assembly could recommend a solution, without being able to employ the Council's powers to impose sanctions.

2. *Membership of the Organization.*

It is intended that the founder members should be the United Nations invited to the San Francisco Conference. The question of the prompt admission of some or all neutral states will certainly arise and also of the early admission of certain ex-enemy States, including in particular Italy. It is suggested that Canada should support the view that membership should be made as comprehensive as possible, except that the special cases of Germany and Japan should be left aside for consideration after a period of years. The early admission of Ireland might be specially urged, as the exclusion of Ireland might prejudice the question of Irish membership in the Commonwealth.

At the Yalta Conference Mr. Roosevelt and Mr. Churchill agreed to support the separate membership of the Ukrainian and White Russian constituent republics. This difficult issue will arise at San Francisco and will doubtless also be discussed at length in London. If it be the price of Russian adhesion, it may be necessary to pay it. It may also be the price of Russian consent for the admission of India. It may, however, be difficult for the Canadian delegation at San Francisco to go publicly on record in support. At the London talks action should probably be confined to discussing the pros and cons without taking a definite line.

3. *Composition of the Security Council.*

We are committed to the view that states with important international interests which are not great powers should be preferred in some manner for election to the Security Council. This point was made in our representations to the great powers in January. Available information indicates that the United Kingdom and French Governments will favour an attempt to insert standards of eligibility in the Charter. The Soviet and U.S. Governments have not defined their position but seem likely to be hostile. In London the line previously taken should be pursued.

4. *Powers of the Security Council.*

Our chief concern, hitherto, has arisen from the possibility that the proposals would obligate Canada to take serious action to enforce decisions of the Security Council, in reaching which the Canadian Government had played no part. As the proposals stand all members would be obligated to join in "diplomatic, economic or other measures not involving the use of armed force" to give effect to the Council's decisions. Their obligations to provide military forces, facilities and assistance would be determined by special agreements separately ratified by each member; but apparently, once consent had been given, the Security Council could call upon the members to act within the

limits of their special agreements. We have suggested that in the first instance only members of the Security Council should be obligated to execute its decisions, but that provision should be made for joining other members in active enforcement through one of three methods, all of which might be written into the Charter:

(a) by securing the approval of the Assembly for decisions;

(b) by giving temporary membership on the Council to states whose cooperation was needed; and

(c) by agreement between the Council and the member concerned to take particular action.

It is suggested that at the London meetings continued emphasis should be placed on the importance of finding some method of meeting the difficulty.

5. *Voting Procedure in the Security Council.*

Under the Yalta compromise decisions on procedural matters would be taken by seven votes out of eleven. On other matters a total of seven votes would also be required, but these must include the votes of all the permanent members except when methods for the pacific settlement of disputes under Chapter VIII A are under consideration. In such cases a permanent member would not vote if his country were a party to the dispute. The permanent members thus would be given an individual veto on all important decisions of the Council when a dispute had reached the stage of being a threat to peace. Before that stage was reached the permanent members would retain their veto unless they were parties to the dispute in question.

This may be the best arrangement on which agreement can be secured. It reveals clearly the fact that the Organization would be impotent to deal with a threat to the peace from one of the permanent members of the Council. It is, however, open to question whether the prerogatives of a permanent member should extend to the right of veto in the case of disputes coming up for discussion under Chapter VIII A "Pacific Settlement of Disputes" *when they are not parties to the dispute.* Under the Yalta formula, for instance, the U.S.S.R. could veto consideration of a dispute between Greece and Turkey or between Paraguay and Bolivia. The case might be argued in London for restricting the veto of the permanent members to decisions on disputes involving threats to peace.

In this connection reference has already been made under the first point in this memorandum to the necessity for making some provision for dealing with disputes with which the Council is impotent to deal because of the exercise of the veto power. The French Government will press for some general escape clause recognizing the legality of action being taken in such cases under alliances and regional agreements notified to the Security Council.

It should be noted that the veto rights of the great powers would under the proposals extend to decisions on a number of matters not directly concerned with the consideration of international disputes. Thus it would cover: admission of new members to the Organization (Chapter V.B.2); suspension of

membership of an offending state and also expulsion (Chapter V.B.3); election of the Secretary General (Chapter V.B.4); the approval of agreements placing forces at the disposal of the Security Council (Chapter VIII.B.5); the consideration of a local dispute by a regional agency (Chapter VIII.C.2); and the coming into force of amendments to the Charter (Chapter XI). Each permanent member of the Council would have to take affirmative action on all these matters. Desirable changes in the process of amendment are mentioned below. At the London meetings the possibilities might be examined of removing the veto power over the admission of new members.

6. *Special Engagements against Germany and Japan.*

The importance to be attached to the matters raised under points 4 and 5 and a great deal else beside will depend in part on the nature and duration of the arrangements made to ensure the execution by Germany and Japan of the terms of surrender and treaties of peace. If long-term alliances with "automatic" commitments are entered into between the principal Allies for this purpose (on the general lines of the Franco-Soviet Alliance), it would seem that the Security Council would be by-passed in dealing with questions arising out of the peace settlement. We know at present that agreement was reached at Yalta on the general machinery of military government to be imposed on Germany for a period of perhaps two or three years, but it seems that plans covering a longer period were not discussed. Obviously, the debates at San Francisco will be unrealistic unless the delegations have some idea of the plans of the great powers to give effect to Chapter XII 2 of the proposals, which lays down that the Charter shall not preclude action taken or authorized in relation to enemy states as a result of the war by the Governments having responsibility for such action.

The nature of these arrangements will almost inevitably be determined by the great powers and not much influence could be exercised by Canada on the decision. At London we might support the general desirability of giving to the Security Council as soon as possible a large measure of responsibility, without taking a definite stand for or against independent long-term methods of keeping Germany and Japan from becoming a danger to security. Much will depend on the Soviet attitude, which is obscure, and on the U.S. attitude, which under the recent favourable reception of Senator Vanderberg's proposals may favour an outright alliance to enforce the peace.

7. *Special Military Agreements.*

The forces, facilities and assistance which member states are expected to make available to the Security Council on its call are to be determined by "special agreement or agreements concluded among themselves." The procedure contemplated is obscure and should be clarified, if possible, in the course of the London talks. Some of the points requiring clarification are: How are the agreements to be negotiated "among themselves" by member states? Do the facilities to be covered include transit rights for forces acting under instructions of the Security Council or would all members be obligated to

permit such transit? What sort of engagement does the United Kingdom Government anticipate making?

It is suggested that the general line at London should be that the Canadian Government could not enter into any obligation to send forces overseas without its express consent, and that if Canada entered into such an agreement, this limitation would probably have to be incorporated in it. As the question of transit rights would in our case be likely to be confined to undertaking to permit the U.S. contingent called out by the Security Council to use Canadian air fields, ports, railroads and roads, we might be ready to agree in advance that we would extend these facilities when requested by the Security Council. It should also be made clear that the size of any Canadian commitment to furnish forces, facilities and assistance can only be determined when commitments have been entered into by the great powers.

8. *Regional Agreements.*

The proposals (Ch. VIII C) would maintain the supremacy of the Security Council by requiring that no enforcement action against an offending state involved in a local dispute should be undertaken under regional arrangements without its approval. This seems a desirable provision; it was strongly defended at Mexico City by the United States representatives in opposition to proposals to exclude entirely from the scope of the world organization disputes between countries of the western hemisphere. There are likely to be regional agreements in Western Europe involving France, Belgium, the Netherlands, the United Kingdom, and perhaps other states, with the object of preventing German resurgence. Any such agreements may possibly be treated as part of the special arrangements to enforce the peace referred to under point 6 above. It is to be hoped that some clarification of the views held in London may be secured at the Commonwealth meetings.

9. *International Court of Justice.*

Two important questions concerning the Court may be brought up in the London talks: Should the Security Council have authority to *require* member-states to submit to the Court for decision disputes of a "justiciable" nature, if they fail to settle them by other means or voluntarily submit them to the Court? If a dispute has been adjudicated by the Court and one or more parties to it fail to accept the Court's decision, should the Security Council be empowered to apply the sanctions clauses to enforce compliance? Until more is known of the attitude of the great powers, it is suggested that no decision should be reached on Canadian policy on these questions.

10. *Social and Economic Arrangements.*

The sections of the proposals dealing with international economic and social cooperation seem in general to be acceptable apart from drafting changes. Undoubtedly central coordination of the various functional agencies will be required, and the proposals contemplate a flexible system which could be adapted to cover such varied forms of desirable activity as those of the I.L.O., the various narcotics bodies and the proposed International Monetary Fund.

The scheme would not give the Assembly or the Economic and Social Council power to command, but would place them in a strong position to regulate by recommendation and persuasion. The line at London might, therefore, be of general support. The question might be raised of the possibility of associating non-member states (including ex-enemy states) in this side of the Organization's activities.

11. *Amendment and Revision of the Charter.*

Under the proposals no member could voluntarily withdraw from the Organization. The Charter could be altered by amendment adopted by a two-thirds majority in the Assembly and ratified by the states with permanent Council seats and a majority of the other members. Mr. Roosevelt in his recent speech to Congress stated that frequent amendment of the Charter would prove necessary and Mr. Churchill has more than once taken the view that arrangements made now should be subject to easy alteration. The questions arise, therefore, whether the amendment provisions are satisfactory, whether a right of voluntary withdrawal should be included, and whether a complete revision of the Charter after a trial period should be envisaged.

On the first point, the proposals for amendment are likely to make amendment very difficult for two reasons — first, that ratification by all the great powers and a majority of the rest would be required following Assembly approval, and, secondly, that the great powers would possess an individual veto on changes. This might make it impossible to alter such important and contentious provisions as the number of permanent members and the voting procedure in the Council. If provision were made that amendments would only be submitted for adoption by the Assembly after they had been proposed to the previous Assembly, it might be feasible to omit the requirement of later ratification, as the interval would give plenty of time to secure Parliamentary approval by resolution in countries where this was desired. The veto of the great powers on amendments might either be omitted altogether or reduced so as to require the concurrence of perhaps three of them instead of all those with permanent Council seats. The possibilities might be explored in London.

There are good arguments to support the omission of the right of voluntary withdrawal, which under the Covenant gave trouble-making states an easy escape from their obligations. On the other hand, it would not be easy to ask the Canadian people to accept permanent membership in an admittedly imperfect organization. It is suggested, therefore, that at London the possibility should be put forward of including in the Charter a clause requiring its general revision after a term of years — in short, making the Charter an interim constitution only. At the end of this term, which might be from ten to twenty years, the whole Charter should be reviewed and any new agreement submitted once more to ratification. If we are to have separate peace enforcement machinery to keep Germany and Japan down, the revision of the Charter might take place towards the end of these transitional arrangements. This general line might well be argued strongly at the Commonwealth discussions.

12. *Colonial Trusteeship and Mandates.*

The published proposals include nothing on this subject, but it was agreed at Yalta that the three great powers should discuss before San Francisco what provision should be made in the Charter and should invite China and France to join them. There seems to be a wide difference of opinion on this subject between the United Kingdom on the one hand and Australia and New Zealand on the other, with South Africa probably supporting the U.K. position. Canada does not seem called upon to take a positive line and our previous comments on the matter have been based on the effect in the United States of the policies proposed from London which seem destined to arouse strong opposition in the United States. Mr. Churchill appears to have told Mr. Roosevelt at Yalta that British policy would be revised. In London the Canadian representatives may need to do no more than take note of the discussion.

13. *The Seat of the World Organization.*

No decision has been reached on the headquarters of the World Organization and discussion of the problem between the great powers seems to have been avoided. The Russians are said to object strongly to Geneva, and Mr. Roosevelt is said to favour a peripatetic assembly. If the suggestion is made that the headquarters should be in Canada — which is a conceivable but unlikely compromise, — it would be useful to know whether this should be definitely discouraged. Some decision will have to be reached at San Francisco.

14. *The Winding up of the League of Nations.*

A large number of complicated constitutional and political problems will arise in connection with the winding up of the League. These have been under study in London and by the League Secretariat. There will have to be an overlapping period in all probability during which the nominal existence of the League will continue. The question is likely to be discussed at London and the Canadian representatives might support any practical methods which would decently enter the Covenant while permitting the continuation of the useful technical functions of the League and the orderly disposition of its property and records.

15. *The Questions of Commonwealth Relations.*

During the London meetings questions are certain to be raised about the relationship of the British Commonwealth to the World Organization. The general Canadian policy is clear enough. Presumably the correct line to take is that decisions cannot be reached until the Charter has been completed on matters such as co-operation inside the Commonwealth on questions of defence (e.g. in the framing and execution of military agreements under the Charter), and the position of Canada with respect to special defence arrangements, like those proposed for Western Europe and also by Australia and New Zealand for the South Western Pacific. When the World Organization is established we

shall be able to assess any resulting problems of Commonwealth relations in the light of its constitution; priority of consideration must at this stage be given to the World Organization, and not to possible alterations in the scope and methods of the Commonwealth system, which is working smoothly as it is.

[HUME WRONG]

**432.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs to Ambassador in Soviet Union*

TELEGRAM 57 Ottawa, March 15, 1945

TOP SECRET. Your telegram No. 51 of March 3rd. World Organization. If you have another opportunity of discussing our position with Soviet Foreign Office, you might emphasize again our belief that some method should be found of associating with decisions of Security Council countries whose active participation in their enforcement is required. Great powers are reserving individual right of veto for all enforcement action, whereas states not elected to Council might as proposals stand be required by Council to take drastic action without any preliminary consultation. In practice consultation would probably be necessary as a condition of effective cooperation and we feel Charter would be strengthened by amendment to conform with probable practice. This view is likely to be widely supported at San Francisco. It can be met in several ways, of which approval by Assembly of some Council decisions would be only one.

2. Insertion of provisions establishing qualifications for election to the Council would be a desirable application of principle that power and responsibility should coincide which is recognized in preferred position of great powers. Its adoption would not, however, meet difficulty described in paragraph 1. We gather United Kingdom and France may support insertion of standards of eligibility for Council membership, together with some secondary countries with important international interests.

3. Information so far received indicates that following amendments among others will be proposed at San Francisco:

(a) Decisions to be based on principles of international law and justice;

(b) Guarantee of territorial integrity of members to be inserted;

(c) Reservation of right to act under existing alliances in event of emergency (France and Belgium will support);

(d) Reservation of right of independent action in event Council cannot reach a decision;

(e) Various proposals to limit authority of Security Council in favour of Assembly and to reduce prerogatives of great powers;

(f) Insertion of declaration of rights of individuals in Charter.

4. It seems clear that effective responsibility of Security Council for maintenance of peace will depend for some time on arrangements made for ensuring German and Japanese execution of peace settlement. If separate engagements against enemy states on lines of Franco-Soviet Alliance are excluded from direction of Security Council, it may have only minor part to play for a considerable period. Any light you can throw on Soviet intentions would be welcomed.

5. You doubtless know that at Yalta United Kingdom and United States Government agreed to support inclusion as original members of Ukrainian and White Russian Republics. Soviet representatives seem to have brought up position of India and this may be price of securing Indian membership. We have not yet decided what our attitude will be at the conference.

**433.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D.445 London, March 15, 1945

TOP SECRET. London meeting.

Scope of forthcoming discussions is, we think, generally agreed. Main discussions would seem to fall naturally under heads:

(1) Dumbarton Oaks proposals, with special reference to comments by British Commonwealth Governments.

(2) Territorial trusteeship (my telegram of March 12th Circular D. 429).[1]

Other possible questions are:

(3) Future of Permanent Court of International Justice (my telegram of March 12th, Circular D. 427).[1]

(4) Future of League of Nations (Paper on this subject is being prepared).[1]

2. If other British Commonwealth Governments have any suggestions to make, under these or other heads, we should be glad to have them as soon as possible.

**434.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 66 Ottawa, March 18, 1945

TOP SECRET. Addressed London No. 66. Repeated Canberra No. 10, Wellington No. 10, Capetown No. 9.

Your telegram D. 445 of March 15. London meeting.

We agree to the main heads of discussions as suggested by you with the following comments.

(1) It is desirable that under the first head there should be exchange of information and views on the arrangements contemplated for the enforcement of peace terms against Germany and Japan. We find it impossible to form a clear idea of the responsibility and authority of the Security Council (and therefore to assess the importance of some of the chief questions which will arise at San Francisco) without more information on this. If long term engagements are made between the principal Allies to deal with any threat from Germany, such as the Franco-Soviet Treaty, and if the Security Council has no control over the operation of these engagements, it would seem that the Council would have a minor role to play during the currency of these engagements. This aspect could of course be covered during discussion of chapter 12 (2) of the Dumbarton Oaks proposals.

(2) Should the special conference proposed by the United States to consider the Statute of the Permanent Court[72] take place we assume that discussion in London might be limited to general consideration of the role of the Court in the world organisation.

**435.** DEA/7-Vs

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 145 Moscow, March 22, 1945

TOP SECRET

Sir,

I have the honour to refer to paragraph 5 of your top secret telegram No. 57 of March 15th, in which you mention that the United Kingdom and United States Governments agreed at the Crimea Conference to support at San Francisco the inclusion of the Ukrainian and Belorussian republics as original members of the World Security Organization. Since the receipt of your telegram I have discussed this subject with both the United Kingdom and United States Ambassadors.

2. Sir Archibald Clark Kerr had only a hazy recollection of what transpired at the Crimea Conference regarding this particular question since his attention there had been concentrated so largely on Polish matters. He told me that at an early stage the Soviet delegation made an impassioned plea for the inclusion of two or three of the constituent republics as original members of the World Security Organization. When they were asked which republics they mentioned

[72]Voir le document 567./See Document 567.

the Ukraine, Belorussia and Lithuania and dwelt at length on how these three republics had suffered from German aggression. At a subsequent meeting the United Kingdom and United States delegations expressed their readiness to support the inclusion of two republics and when asked which two each delegation replied by naming the Ukraine and Belorussia. Sir Archibald Clark Kerr said he derived the impression that both delegations had feared the request for inclusion of all sixteen republics and were greatly relieved when only three were mentioned. They were further greatly relieved when the Soviet delegation were content with only two and this enabled them to escape the embarrassment of having to discuss the delicate question of the incorporation within the Soviet Union of the formerly independent Baltic States.

3. I asked Sir Archibald Clark Kerr if the question of the inclusion of the constituent republics arose over a discussion of the position of India. He said he had no recollection of this but would look up the minutes of the Conference and let me know. Later that day I met Sir Archibald by chance and he handed me a note of one of his secretaries which read as follows:

"There is no specific mention of India in our records of the Crimea Conference. But the records of one or two meetings are not there and have not yet come in from London."

4. Mr. Harriman had a much clearer recollection of what transpired at the Crimea Conference regarding the inclusion of the Ukraine and Belorussia in the World Security Organization. He had no hesitation in indicating to me his concern over what had developed. He said the discussion had arisen over the membership of India, and that this had placed the United Kingdom delegation in a weak position to resist the claims of the Soviet delegation for the inclusion of two or three of the constituent republics. He implied that his own delegation should have shown more resistance to the Soviet demands. He is fearful of the effect that the inclusion of the two republics will have on United States public opinion. Isolationists, he said, have frequently been referring to the six votes of the British Commonwealth in international organizations. Now they will talk about the three Soviet votes. It will not be possible to say in reply that this is a matter of little importance owing to the unimportant role assigned to the Assembly of the proposed World Security Organization because to do this would offend the small countries.

5. The United States Ambassador said that Soviet tactics in regard to this matter were superb and he remarked that the other two countries represented at the Crimea Conference were children in comparison. When everyone was fearful of a request for the inclusion of all the sixteen republics they modestly asked that two or three be included and they linked this up with an appeal for sympathy for and understanding of all that the western republics had suffered from German aggression. They then mentioned that the Ukraine, Belorussia and Lithuania were the three republics most deserving of consideration. Mr. Harriman also thought some reference was made to the Moldavian republic but not very seriously. In any event the other two delegations were left with the impression that they had to choose between selecting two republics from the

Ukraine, Belorussia and Lithuania or resisting the Soviet demand for the inclusion of any of the republics.

6. According to Mr. Harriman the Soviet delegation let the matter rest until the Conference was going well and all were imbued with enthusiasm and goodwill. It was then that they broached the question again and asked if they could count on the support of the other two powers for the inclusion at San Francisco of two or three of the republics among the original members of the World Security Organization. They were told that they might count on support for the inclusion of two republics. Mr. Harriman said it was then amusing to see them solemnly ask which two and to feign surprise when Lithuania was not included in the two republics selected. It had been quite obvious to Mr. Harriman that all along Lithuania had been used as a convenient red herring to facilitate acceptance of the other two republics.

7. I can understand that the Canadian Government have not yet been able to decide what attitude our delegation to the San Francisco Conference should adopt on the question of the inclusion of these two Soviet republics as original members of the World Security Organization. The problem confronting us is a most delicate one. The Soviet pressure to secure international recognition of the autonomy of their constituent republics is a challenge to the position in world affairs we have so laboriously built up for ourselves since the turn of the century. The question has implications for us beyond the participation of the Soviet republics in the work of the Assembly of the proposed World Security Organization. But unlike the two great Anglo-Saxon powers we cannot be indifferent to the effect that the inclusion of the republics among the members of the Assembly may have on the standing and authority of that body. As one of the medium powers uncertain of our chances of election to the Security Council we are desirous of seeing more authority and influence vested in the Assembly. We certainly do not wish to see it divested of respect by reason of the inclusion of members incapable of expressing a free opinion diverging to the slightest degree from the position adopted by one of the principal permanent members of the Security Council.

8. On the other hand at this early stage in the evolution of the new world order we do not wish to strike a discordant note or to take any step which will prejudice the whole-hearted cooperation of the Soviet Union in the maintenance of peace and security. Our own position is so delicate and our international status is so directly affected by any controversy that may arise over the question of the inclusion of the two republics that it might be expedient to let some other country take the lead in opposing their inclusion.

9. In thinking over the pros and cons and weighing the possible consequences of Canada taking a definite stand on this question, I keep coming back to the conviction that the only honourable and morally supportable course for us to adopt is to state the case frankly without fear or favour. I am afraid that to act otherwise would be equivalent to abdicating from that position of influence which we feel we are entitled to by reason of our political and economic importance.

10. If we decide to take a position in opposition to the inclusion of the two republics we are then faced with the very difficult problem of how we should act in a manner that will assure the support of the majority of the other delegations not already committed to a stand and that will cause the minimum of resentment on the part of the Soviet Union. For once we shall have to be taking a position that is in opposition to both the United Kingdom and the United States. The Soviet Government are so suspicious of the motives of any government that comes out in opposition to a stand taken by them that we would have to be extremely careful to disabuse them that we are actuated by any motives that imply mistrust of the Soviet Union or disbelief in the wholehearted intention of that country to maintain peace and security. Experience also has shown that the Soviet Government are most adroit in countering arguments that may be advanced to show the non-independent character of their republics. They are capable of investing words with other meanings than their usual connotation. They can readily raise an argument based on legal technicalities to a higher moral plane. It is futile to base an argument on some particular aspect of the Soviet Constitution when that constitution can be amended so easily. Finally we are hamstrung by the anomaly of a dependent country such as India having enjoyed full rights of participation in international organisations for many years.

11. The most effective argument against the participation of the constituent republics in the World Security Organization is probably one based on the federal character of the Soviet Union. A citizen of the Ukraine elects delegates to the Supreme Soviet of the Ukraine and also to the Supreme Soviet of the U.S.S.R. Representation in the Assembly of both the Ukraine and the Soviet Union would mean that a citizen of the former would be represented twice in the Assembly in a manner not enjoyed by the citizen of any other state (here we must not lose sight of possible counter- arguments based on the anomalous position of India).

12. Another possible approach is a reference to the practical impossibility of either of the two republics declaring war, remaining neutral or taking action to suppress aggression independently of the Soviet Union. Here again the position of India comes in and I can foresee a counter-argument based on the injustice of denying rights to two sovereign republics who enjoy a large measure of autonomy and who have suffered more from German aggression than any other states when these rights are accorded without opposition to the people of India who are kept in a state of dependency on another country and who have not suffered from fascist aggression.

13. It would be useless to refer to the fact that citizens of the Ukraine and Belorussia have Soviet citizenship, because the Constitution could easily be amended to provide for republican citizenship and Mr. Gousev[73] in October, 1943, in his reply to the Foreign Office memorandum on the participation of the western constituent republics in the United Nations War Crimes

[73]F. Gousev, ambassadeur de l'Union soviétique en Grande-Bretagne.
F. Gousev, Ambassador of Soviet Union in Great Britain.

Commission stated that the republics had their own republican citizenship.[74] It may be well to repeat here the relevant paragraph in Mr. Gousev's note since it sums up the whole Soviet case for the inclusion of the constituent republics in international organizations:

"Possessing the right independently, without anyone's confirmation, to establish their own constitution, possessing their own territory, having their own citizenship, and possessing the right of free withdrawal from the Union of S.S.R., the Soviet constituent republics are sovereign states to no lesser a degree than the British dominions. The institution of the method for exercising their sovereignty depends exclusively upon agreement between the constituent republics and the Union of S.S.R."

14. It can be seen from the above that it is not going to be easy to frame a convincing case against the participation of the two republics in the World Security Organization. At every turn we run up against the embarrassing precedent of India. It is desirable to avoid arguments that savour at all of what the Russians regard as British hypocrisy. Ever since the emergence of Russian literature it has been their favourite intellectual pursuit to dispel the fog engendered by this hypocrisy with a few well-directed shafts of light. We are only giving them the weapons in which they delight if we extol the superior virtues of the British Commonwealth of Nations.

15. It is much better to base our case solely on the imperative need of starting off the World Security Organization properly by strict adherence to the principles that meet with universal acceptance. One and the most important of these principles is that enunciated in paragraph 4 of the Moscow Declaration of October 30th, 1943[75] — the principle of the sovereign equality of all peace-loving states, large and small. This principle will be impaired if any of the large states are represented in the Assembly not only by themselves but also in addition by one or more of their constituent parts which are not completely self-governing. Exceptions can and should be made (this to forestall arguments based on the position of India) in the case of countries well on the road to self-government and concerning which public declarations have already been made of the intention to accord them in the very near future that degree of self-government which Canada has enjoyed for seventy eight years. But we should not make exceptions in favour of the constituent parts of a federal union, no matter how large these parts may be and what degree of autonomy they have enjoyed in all that does not directly concern the maintenance of peace or the waging of war. The citizens of these constituent parts have the same opportunity of having their views represented in the Assembly as the citizens of any other peace-loving state. This they can do through the exercise of their constitutional right to elect representatives to the supreme legislative body of the federal union and these representatives can make known the views of their constituents to the delegates who will be representing the federal union in the Assembly of the World Security Organization.

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[74]Voir le volume 9, document 553./See Volume 9, Document 553.
[75]Voir le volume 9, les documents 247-8./See Volume 9, Documents 247-8.

16. At the outset we should express our fullest sympathy for the sufferings the Ukrainians and Belorussians have undergone at the hands of the fascist aggressors. We can readily understand their determination to avoid a repetition of these evils. But we believe that the best way in which they can be spared from such a repetition is by strict adherence to the principles on which international law and justice have been founded. One of these principles is the sovereign equality of all states, large and small, and it would not, in our opinion, be in accordance with this principle for the Ukrainians and Belorussians to express their views through more than one delegation to the Assembly of the World Security Organization.

I have etc.

L. D. WILGRESS

**436.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Associate Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] March 26, 1945

Both the Prime Minister and Mr. St. Laurent have read my memorandum[76] concerning a number of points arising from the Dumbarton Oaks proposals which are likely to be discussed at the London meetings. Both of them have let me know that the suggestions made in this memorandum (which were pretty non-committal) were acceptable to them. The Prime Minister indicated that he thought it important to press for some arrangement permitting the general revision of the Charter after a term of years. I discussed this matter with Mr. St. Laurent. He says that he thinks we should avoid putting forward a proposal which would require a fresh ratification of the whole Charter by states desiring to continue their membership and he proposes that in place of this, a provision should be made for permitting states dissatisfied with the amendments made in the Charter to withdraw from the Organization. Thus the whole Charter would have to be resubmitted to the U.S. Senate only if the administration had come to the point of recommending the withdrawal of the United States. This seems to me to be a very useful approach and I think that we should develop the idea to the point of preparing draft amendments to this chapter of the Charter before the delegation arrives in San Francisco.[77]

Mr. St. Laurent also said that he thought it unnecessary to include in the Charter the present provision requiring approval of amendments by a two-thirds majority of the Assembly and subsequent ratification by the great powers and the majority of the rest of the members. He felt that approval by the Assembly was all that was necessary without later ratification and he fell in

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[76]Document 431.

[77]Voir le document 460./See Document 460.

with my suggestion that there might be developed something like a two-reading process whereby amendments would be conditionally approved by one Assembly and finally voted at the next Assembly, thus permitting Governments to refer them to legislatures if they felt this to be essential. A yet more flexible alternative would be simply to require that no amendment should be voted on by the Assembly which had not been formally proposed at least six or eight months in advance.

I am sending copies of this note to Mr. Read, with whom I have discussed the matter, and also to Mr. Ritchie.

H. W[RONG]

**437.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Associate Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa,] March 26, 1945

Redfern,[78] in describing the talks with the President during the Governor General's visit to Washington last week said that the President had referred to the Soviet demand for the admission to the World Organization of the Ukrainian and White Russian Republics. The President went on to say that if the Russians wanted three votes he would demand three votes for the United States and commented that after all the British Empire had six votes. When Redfern answered that the six votes would represent six governments and would not always be cast on the same side, the President referred to the Commonwealth discussions in London shortly before the Conference as indicating that a united front was being arranged.

This is a dangerous as well as an inaccurate interpretation of the meetings. It seems to me that something pretty definite should come out from Ottawa before the meetings begin and also that, if possible, the High Commissioner and myself should seek to have the right sort of interpretation telegraphed from London before the meeting begins. There have been two recent despatches from the AP Bureau in London which have been most misleading and doubtless they have appeared in a large number of U.S. newspapers. One of them related directly to the Commonwealth talks before the San Francisco Conference and the other dealt with the question of a united Commonwealth economic bloc.

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[78]Sir Shuldham Redfern, secrétaire du gouverneur général.
Sir Shuldham Redfern, Secretary to Governor-General.

**438.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*
*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] March 30, 1945

In conversation this afternoon the French Ambassador referred to the President's announcement that the United States would seek three votes in the Assembly of the United Nations Organization. I told him that the Canadian Press despatch from Ottawa in this morning's paper was incorrect in its implication that the Canadian Government had known about this proposal in advance. The reasons why the United States Government might wish to secure such an amendment of the Dumbarton Oaks proposals were quite understandable. It was, however, unfortunate that American Congressional and press comment should link the American desire for three votes in the Assembly with the argument that the "British Empire" was going to have six votes there. This was a resurrection of the old argument which the isolationist Senators had used in 1920 to block American participation in the League of Nations, and which had been proved quite without foundation by the practical experience of the last 25 years.

M. de Hautecloque said he had not received any comment from his Government on the President's proposal, but he thought it quite possible that in due course a restored France would seek some sort of multiple representation in the World Organization for its great colonial possessions which were in process of acquiring a constitutional position not unlike that of the members of the British Commonwealth.

**439.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*[79]

*Secretary of State for External Affairs*
*to Ambassador in United States*[79]

TELETYPE EX-1195 Ottawa, March 31, 1945

TOP SECRET. Following for Pearson from Robertson, Begins: We had no prior notification of the President's statements regarding multiple votes for the United States in the Assembly of World Organization either from United Kingdom or Unites States sources. The most mischievous feature of the ensuing discussion seems to be the tendency in certain quarters in the United States to equate the American votes with the votes of the countries of the Commonwealth.

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[79]Des télégrammes semblables furent envoyés le même jour aux ambassadeurs en France, en Union soviétique ainsi qu'au haut commissaire en Grande-Bretagne.
Similar telegrams were sent the same day to the Ambassadors in France and the Soviet Union and to the High Commissioner in Great Britain.

The Prime Minister will attempt to avoid expressing any public opinion on this subject, until we have fuller information. If questioned in the House, the Prime Minister will probably reply that he had not received prior information on this matter and preferred not to discuss its implications at the present time.

I should be grateful to receive any comment which you may be able to obtain on an informal basis from the State Department. Ends.

**440.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 540 London, April 3, 1945

IMPORTANT. TOP SECRET. Following from the Prime Minister for (Canada and Australia) Prime Minister, (New Zealand and Union) Acting Prime Minister, Begins:

1. You have no doubt seen announcement issued from White House on March 29th to effect that United Kingdom and Soviet representatives at Crimea Conference agreed that United States and its possessions should, if it so desired, have 3 votes on Assembly to be set up in World Organization if Conference agreed to Soviet Republic having 3 votes.

2. We were not consulted by United States Government beforehand on the terms or occasion of this announcement.

3. As to Russia, see my telegram of February 10th, Circular D. 263,[1] paragraph 5 (b), regarding White Russia and Ukraine.

4. As to United States, the position is that, when United Kingdom and United States delegations at Crimea agreed to support Soviet request for admission of White Russia and Ukraine as founder members, United States President pointed out to Prime Minister and Mr. Stalin that, if he were to ensure wholehearted acceptance by Congress and people of United States of United States participation in World Organization, it might be necessary to ask for additional votes in the Assembly for the United States in order to secure parity. The United States delegation were not at that time able to define the form which this request would take. They asked for time and secrecy. We complied. It was, therefore, understood that it was left "that the United States should propose the form in which their undisputed equality with every other member State should be expressed."

5. This was as far as we could get at Yalta and no definite proposal has yet been put before us. We were not certain whether the United States would think it worthwhile to press their claim or not. If they should, the only alternatives evidently were either that they should nominate three members to represent the United States vicariously or that they should assign two of the members to

some of the small places under their control. Of the two choices, the former apparently adopted by the United States seems preferable.

6. It cannot be overlooked that Russia demanded 17 seats (16 Republics as well as the Union) which her population and variety of races and newly adopted form of federalism justified in her eyes. It was very difficult to deny to Russia the greatly reduced demand she put in for only 3 instead of 17. These two, White Russia and the Ukraine, are mighty countries with over 50 million people and they have suffered terrible losses, probably several millions, during the war. Refusal to consider their claims in any way, though so greatly reduced, would have drawn upon us a very severe examination of the position of the British Commonwealth.

7. It must be remembered upon this subject that the fact that in two fearful wars the whole of the British Empire all over the world has declared war on the same impulse and in the same cause, and fought through to the end without wavering or flinching, conveys to foreigners a sense of underlying unity which is undoubtedly true in spite of the most extreme interpretation of Dominion status under the Statute of Westminster. The Dominions were subject to no pressure from His Majesty's Government in the United Kingdom. They came in of their own free will for the sake of ideas dearer to them than life. We have also to consider the way others look at our affairs, as well as the way we look at them ourselves. India, for instance, has a representative who is not chosen by India but only by the Viceroy, who is the servant of Crown and Parliament. Our two Allies of enormous concentrated power see our Commonwealth with 6 seats in the Assembly of the new World Organization and their pride or public opinion demands some comparable representation. We, therefore, thought it better to endorse the reduced Russian demand and from that it followed that the United States should have the liberty referred to above.

8. We had, of course, assumed that if the President decided to put forward a proposal he would consult with us before doing so, when it was our intention to discuss it with the other British Commonwealth Governments. We must think of his difficulties, as well as our own. I, therefore, consider we did the best we could and ask that our work should be endorsed. Ends.

**441.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 83 Ottawa, April 3, 1945

IMPORTANT. TOP SECRET. Following from Prime Minister for your Prime Minister, Begins: Your telegram Circular D. 540, World Organization, Voting in Assembly.

I was very glad to receive your message at noon today. Coming as it did along with a withdrawal of the United States proposals, this word enabled me

to avoid making to the Leader of the Opposition in the House of Commons what might otherwise have been a difficult statement. Ends.

**442.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 932 London, April 3, 1945

TOP SECRET. Following from Wrong, Begins: Machtig tells me Mr. Churchill wishes to attend one of the Commonwealth meetings and may be present when Eden reviews Foreign Affairs. He is likely to argue on lines of Dominions Office telegram Circular D. 540 concerning plural voting for Russia and United States. I think we should not agree to endorse these compromises but should definitely reserve our position. Incidentally, French will probably claim vote for Indo-China on ground of their intention to grant it "Dominion status." Do you agree with suggested line. Ends.

MASSEY

**443.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 954 London, April 4, 1945

Following from Wrong, Begins: At opening meeting this morning proceedings were chiefly devoted to delivery of short statements prepared for publication, which were on expected lines. Smuts, however, spoke at length impromptu in an impressive manner, emphasing the necessity of reaching agreement at San Francisco and the vital importance of achieving results. Massey and I feel that he would be a very suitable Chairman of the General Conference as he would do his utmost to preserve a high tone of temper throughout.

2. All the statements made clear satisfactorily the purpose of the London meetings. Full text, or excerpts, are to be released tomorrow for publication Friday morning, otherwise no publicity is contemplated until end of meetings. Mr. Eden will review Foreign Affairs Friday morning and Mr. Churchill will attend. Until then meetings will be concerned with Colonial Trusteeship.

3. The Washington statement yesterday on voting has cleared the air. Also Cranborne gave a "background" press conference yestesday, which was as emphatic as could be desired, on Commonwealth relationships, and the *Times*

today has a useful leading article. This little storm, indeed, has resulted in general public repudiation of the "one voice" attitude.

4. This afternoon's meeting on Colonial Trusteeship, at which we kept silent, generated some heat between United Kingdom representatives and Evatt and Fraser. We shall report on this subject when consideration of it is finished. Ends.

**444.** DEA/7-Vs

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Under-Secretary of State for External Affairs*

PRIVATE AND CONFIDENTIAL Washington, April 4, 1945

Dear Mr. Robertson:

I called on Senator Connally, Chairman of the Foreign Relations Committee, this afternoon. As it happened, the Senator was at the moment busily engaged on the floor of the Senate, where a debate had arisen over the Mexican Waterways Treaty. I therefore had to wait for him for some little time and was able once again to contrast the atmosphere of the legislators' outer offices with that of the Embassy anterooms. There were a number of persons of various conditions and interests lounging in Senator Connally's office, who rather looked as if they had been there for hours and were willing to remain for other hours.

I had fifteen minutes or so with the Senator after he was able to leave the Senate Chamber. He expressed the usual friendly sentiments toward Canada in general and the Canadian Embassy in particular. I mentioned the subject of the forthcoming San Francisco Conference and expressed the hope that some of the difficulties which seem to have arisen lately would soon be dispelled. He professed himself to be optimistic and felt that the atmosphere was even now better. He was sure that the San Francisco Conference would be a success because it had to be a success. At the same time, he admitted that this success meant merely a successful beginning and that it was folly to expect everything to be accomplished at San Francisco. This seems to be a line that is now generally being followed in Washington. He realized that the Powers that had not been at Dumbarton Oaks would feel obliged to bring forward amendments at San Francisco and that these would have to be discussed. He professed, however, to hold the view that many of these amendments would be produced with an eye on public opinion at home and with no great hope of acceptance. I suggested that there might well be greater obstacles to overcome than those of the amendments of the smaller Powers; that, if the Great Powers themselves could work together at San Francisco, other difficulties would be less important. He interpreted this remark as applying to Russia and made some sympathetic observations about that country. He believed, for instance, that Stalin would not have asked for the three Russian votes if he had felt sufficient

confidence in the friendly feelings of other States toward Russia. Senator Connally was of the opinion that most of the difficulties with Russia were caused by the fears and suspicions held by that country, many of which had a basis of reason in the treatment given Russia over the years. This attitude on the part of the Senator was rather surprising to me, as congressional opinion is not normally as sympathetic and understanding of the U.S.S.R.

Senator Connally's mention of the three Russian votes gave me an opportunity to remark that it was most unfortunate that, in the discussion of this matter, reference should be made so often to the six "British Empire" votes. I added that, as he would appreciate, there was a great difference between the position of the Ukraine Soviet Republic and that of Canada. If we, for instance, had wished to stay out of this war, we could have done so; even if we wished to get out of it now, the United Kingdom Government would not intervene. I hesitated to think, however, what would have happened to an official in the Ukrainian or White Russian Republic if he had argued against participation in the war in 1941 or for withdrawal from the war in 1945. Senator Connally said that, of course, he appreciated the position of the British Dominions in this matter. I hope he does, as there have been, once or twice in the past, suggestions to the contrary.

Yours sincerely,

L. B. PEARSON

**445.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*[80]

*Secretary of State for External Affairs to Dominions Secretary*[80]

TELEGRAM 87 Ottawa, April 5, 1945

MOST IMMEDIATE. TOP SECRET AND PERSONAL. Following from Prime Minister to Prime Minister, Begins: Your telegram D. 540 of April 3rd. In view of the withdrawal by the United States of their proposal that they should have three votes in the Assembly, this question appears at least for the present to be narrowed down again to the admission of White Russia and the Ukraine. We feel with you that this proposal should be considered in the light of the contribution which these Republics have made to the common cause, and of the constitutional developments under which they have been given formal responsibility for the conduct of their international relations. This latter seems to us the criterion on which emphasis should be laid in justifying their admission. It is true that their admission on these grounds implies the ultimate admissibility of other Soviet Republics. But in all the circumstances the

[80]Les paragraphes 1-4 de ce télégramme furent envoyés au haut commissaire en Grande-Bretagne (télégramme 807 du 5 avril 1945) comme réponse au document 442.
Paragraphs 1-4 of this telegram were sent to the High Commissioner in Great Britain (telegram 807, April 5, 1945) in reply to Document 442.

arrangement you agreed on at Yalta seems to us to be entirely defensible and will, I am sure, be supported by our delegates at San Francisco.

2. In voting for the admission of these two Republics as separate members of the Assembly, we should hope that the emphasis could be kept on their individual qualifications for membership without underscoring the argument that the U.S.S.R. is entitled to multiple representation.

3. We share your concern at the apparent assumption by the U.S.S.R. and in certain quarters in the United States that "the British Empire has six votes." If this misconception cannot finally be dispelled, it is likely to lead to further claims for plural voting and in any case it has an unfortunate influence in perpetuating misunderstandings about the actual character of relations between the individual nations of the Commonwealth, particularly in the United States.

4. Doubtless some elements of deliberate mischief-making enter into the repetition by unfriendly critics of these mis-statements about Commonwealth relations, but I agree with your view that genuine misunderstanding exists. This is no doubt increased by the real difficulties created by the constitutional position of India, and by the policy of neutrality pursued by the Irish Government while remaining a member of the Commonwealth.

5. When I expected to have to make some statement in Parliament about the United States request for three votes in the Assembly I had in mind saying something along the following lines about the Congressional argument that the United States should have three votes "because the British Empire will have six votes":

The implication behind this argument is that the "Empire" is a political unit that decides with one mind and speaks with one voice — but a voice that has the weight of six. Nothing could be more misleading. The Commonwealth has no votes — not six but none. It is the nations that make it up that have votes, and those votes are freely directed as each thinks right. The record of discussions in the League of Nations and its subsidiary agencies shows many cases where the members of the Commonwealth have not been able to agree and have voted on opposite sides of a question. This situation has been demonstrated beyond the possibility of question by the recognition by the countries of the Commonwealth that each must make its own decision on the question of peace and war. Unhappily unanimity was not reached on this question. On some of the Combined Boards that have so successfully coordinated the work of supply, production and shipping in this war, the members are Canada, the United Kingdom and the United States. Would anyone suggest for a moment that this means two votes for the Commonwealth to one vote for the United States? It would be absurd to suggest such a thing. On these Boards the Canadian representative represents the Canadian government and no one else.

The peculiar character of the Commonwealth of Nations lies in the fact that it is in truth made up of nations — nations in every sense of the word. Those nations have a community of outlook and tradition — a common love of peace

and liberty — a common hatred of tyranny and aggression. But they are not the only nations that have a community of interest. Where could such community and understanding be greater than between ourselves and the United States? But because there is much in common would anyone suggest that Canada and the United States are really one? Where there is a community of interest and outlook, nations will co-operate and work together. Cooperation could not be closer than it is between Canada and the other nations of the Commonwealth and between Canada and the United States. The Pan American Union brings together nations that occupy the same hemisphere and have a community of interest. But no one would suggest that that means the Pan American Union is an entity with 21 votes in world organizations. And yet this statement would be no more misleading than the statement that the British Commonwealth of Nations has six votes.

There is cooperation between the nations of the Commonwealth — a cooperation that will continue and flourish. But it is not the cooperation of an exclusive circle or bloc. It is that free cooperation that can and, I hope, will become characteristic of the relations between all nations.

**446.** W.L.M.K./Vol. 238

*Énoncé des questions découlant des propositions de Dumbarton Oaks*

*Statement of Questions Arising from Dumbarton Oaks Proposals*

SECRET [London,] April 5, 1945

B.C.M. (45) 9.

DUMBARTON OAKS PROPOSALS

NOTE BY THE SECRETARY

I circulate a Statement of Questions arising from the Dumbarton Oaks proposals put forward for discussion by the Canadian Delegation.

J. G. LAITHWAITE

*Offices of the War Cabinet, S.W. 1,*
*5th April, 1945*

QUESTIONS ARISING FROM THE DUMBARTON OAKS PROPOSALS PUT FORWARD FOR DISCUSSION BY THE CANADIAN DELEGATION

The general attitude of the Canadian Government towards the proposals for world organization has already been communicated to other Commonwealth Governments.[81] It is therefore unnecessary to elaborate on the main points made in previous communications, especially as the chief Canadian comments are printed on pages 11-17 of Document B.C.M. (45) 4.[1] It may be useful, however, to set forth briefly in general terms the more important questions

[81] Voir les documents 408-9./See Documents 408-9.

already raised, and to mention some further matters which might usefully be discussed here.

In the first place the Canadian Government favours the establishment of a new organization on the basis of the Dumbarton Oaks proposals with suitable additions and amendments. We accept fully the general approach, even though we may not like some of the individual proposals. Mr. Mackenzie King recently outlined in the House of Commons a number of difficulties and objections. In the lengthy debate which ensued[82] there was general support both for the establishment of a world organization on the projected lines, and for the incorporation, if possible, of the Prime Minister's suggestions. No Government can pledge itself in advance to accept any Charter which might be produced at San Francisco, but it is certain that we in Canada should not lightly reject whatever treaty may emerge from the Conference.

It should be said, as a preliminary observation, that we have found ourselves faced with considerable difficulty in determining the proper perspective in which to regard the security proposals without further information on the methods which may be devised for enforcement of the peace terms against Germany and Japan and for relating such methods to the work of the Security Council. Paragraph 2 of Chapter XII of the proposals appears to be a general reservation of the right of the principal Allied Governments to exclude any action against enemy States from the scope of the Charter. The first stage of the control of Germany by a Military Control Commission will, of course, be in many respects the final stage of military operations against that enemy. Full military occupation and government is expected, however, to give way before very long to other methods of supervision. If the Security Council is not associated with this long-term supervision, its importance may, in fact, be small during the years when it is most desirable for it to acquire prestige and respect of all nations. If any renewal of danger from Germany and Japan is to be dealt with by special arrangements outside the direction of the Security Council, and if, furthermore, the proposed voting procedure in the Security Council is admitted to preclude the taking of action against a Great Power, the emphasis heretofore placed on the rôle of the Security Council would appear to have been considerably exaggerated. At any rate it will be very difficult to negotiate the military agreements mentioned in Chapter VIII B 5 until more is known of the plans for dealing with our present enemies. We suggest, therefore, that this general question might be considered at an early stage of these discussions.

From the Canadian point of view the principal difficulties arising from the draft proposals are three in number:

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[82]Voir Canada, Chambre des communes, *Débats*, 1945, première session, pp. 20-63, 66-111, 115-55, 159-99, 209-52, 255-99 et 309-28.
See Canada, House of Commons, *Debates*, 1945, First Session, pp. 20-60, 63-106, 110-47, 151-89, 199-240, 243-84 and 294-313.

1. *Procedure for Application of Sanctions by Members not on Security Council.*

The power of the Security Council to "call upon" all members to undertake serious enforcement action, both military and economic, without necessarily any prior consultation, seems to us to require serious consideration. The Canadian people, we believe, are prepared to make commitments, and thus to accept limitations on their sovereignty, to the same extent as other nations. It is very doubtful, however, whether they would be ready to give to a Council on which they were not represented the unqualified right to order them to send Canadian forces into action, or to take measures which would seriously derange their export trade, when each of the Great Powers could veto individually any such action of the Council. It is true that the Security Council could only demand forces within the limits prescribed in a special military agreement. Would countries without permanent Council seats be willing in such circumstances to promise a substantial military contribution? Certainly secondary countries could be expected to support the Council's actions more consistently, and probably to pledge larger forces, if they were assured of consultation before they would be called upon to take serious action. We feel that the addition of suitable provisions for consultation would not only not take the teeth out of the organization but would strengthen its efficiency. In practice, if the enforcement of sanctions required active aid from a country not represented on the Council, its consent would probably have to be sought in one way or another. If that would be the normal practice, might it not well be made the formal rule?

2. *Selection of Members of Security Council.*

The principle that in the new world organization power and responsibility should be related is one that we gladly accept, and for that reason we approve of a special position for the Great Powers. In the proposals, however, this principle is applied only to the Great Powers. The new organization would be more likely to acquire the requisite authority if some distinction were made in its constitution between countries which were willing and able to expend lives and resources on a considerable scale towards achieving its purposes, and countries which, because of small resources, backward political development, or inertia, could not or would not make a sizeable contribution. This is not a question of status or prestige; it is a question of making sure that the direction of the world organization is in the hands of those who can do most to ensure its success. This need may best be met by ensuring that among the States which are elected as members of the Security Council there should always be several countries able to make a valuable contribution to the maintenance of security. In this way the Council could be made a more powerful and efficient body.

3. *Amendment of Charter and Question of Withdrawal.*

The proposals which may be expected to emerge at San Francisco will represent a compromise. There will be many imperfections, some of them doubtless hard to explain and defend to public opinion. It should be made not too difficult to improve the Charter. As the proposals stand, the procedure for amendment is rigid, involving approval by two-thirds of the Assembly, followed by ratification by the Great Powers and at least half the other members of the organization. In the first place the extension to each Great Power of a right of veto on all changes would tend to make impossible any amendment touching on such contentious points as the voting procedure in the Security Council and the list of permanent members. We think it worthwhile, therefore, to raise the question whether the veto of the Great Powers on amendments might be either omitted altogether or reduced so as to require the concurrence of perhaps three of them instead of all with permanent Council seats. Secondly (or alternatively) we feel that the requirement of later ratification of amendments might be dropped altogether if provision were made that amendments would only be submitted for adoption by the Assembly after they had been proposed to the previous Assembly. The interval thus ensured would give plenty of time to secure parliamentary approval by resolution in countries where this was desired.

There are good arguments to support the omission of the right of voluntary withdrawal, which under the Covenant gave trouble-making States an easy escape from their obligations. It is suggested, however, that a clause might be included in the Charter requiring its general revision after a term of years — in short, making the Charter an interim constitution only. But it would be desirable to avoid the necessity of a fresh ratification of the whole Charter by member States desiring to continue their membership. To meet this difficulty those States which were dissatisfied with the Charter as amended might be given the right to withdraw from the organization at the end of the interim period. This conception of the organization in its initial stage as a transitional arrangement is, we think, realistic in view of the impossibility of long-range planning during the final stages of the war before the peace terms are agreed upon. Furthermore, the knowledge that a member would have an opportunity of reviewing the question of membership after a term of years would help to make palatable the initial acceptance of a Charter which will doubtless incorporate a number of provisions open to valid and serious criticism. The Canadian Government attach considerable importance to this suggestion.

There are some further matters, in addition to the various points which have already been raised by other Commonwealth Governments, which might usefully be considered at these meetings.

4. *Veto Rights of Great Powers.*

The Canadian Government is prepared to accept the veto of each Great Power on the actual application of sanctions. Mr. MacKenzie King recently said in the House of Commons with reference to these arrangements:

"There can be no question that they are open to theoretical objection. To what degree they are open to practical objection depends upon how far objection can be taken to a recognition of the fact of 'power' in this imperfect world."

It seems probable that the chief difficulty over the Yalta formula would arise at the initial stage of securing public support for ratification rather than in the actual operation of the Organization. Indeed, each Great Power would in reality possess a veto on sanctions, just because it was a Great Power, even if formally decisions were taken by majority vote. In some respects we believe, however, that the right of veto by the Great Powers might be restricted. It is not clear, for instance, why a Great Power which is not a party to a dispute should retain the right to block its consideration by the Council under the procedure for pacific settlement. Under the Yalta formula, China could not prevent consideration of a dispute between China and India under Chapter VIII A, but could prevent consideration of any dispute to which China was not a party. It would allay anxiety, and therefore simplify public acceptance, if action under Chapter VIII A could be taken by, say, a two-thirds majority of Council members. As the proposals stand at present, furthermore, the veto right of the Great Powers extends to decisions on a number of matters not directly concerned with the consideration of international disputes, including the admission of members, the election of the Secretary-General, the approval of agreements placing forces at the disposal of the Security Council, the approval of plans for the regulation of armaments, the coming into force of amendments to the Charter, and a number of other questions, the length of the list depending in part on the definition of "decisions on procedural matters" not requiring the concurring votes of permanent Council members. We think that the possibility of reducing somewhat the scope of this veto power should be considered.

5. *Is there a serious gap in the Charter?*

Even when the importance of voting procedures is placed in proper proportion, there still remains the possibility that the Security Council might be unable to consider a dispute which threatened the maintenance of peace. What then would happen is a matter which is causing serious concern to the French Government, among others. The Assembly would not seem to have power to deal with it, as it would be required under Chapter V B I to refer any such question on which action was necessay to the Security Council. This raises difficult issues which might never occur in the actual operation of the Organization, but will certainly be discussed at San Francisco.

6. *Can the Security Council make recommendations for pacific settlement of disputes?*

The language of paragraph 5 of Chapter VIII A has been variously interpreted; it gives the Security Council power to recommend appropriate "procedures or methods of adjustment" for the pacific settlement of a dispute. Does the phrase "methods of adjustment" cover an investigation of the merits and a proposal for solution (an interpretation given to it in the official Commentary of the United Kingdom Government) or does it only apply to action such as proposing reference to the Permanent Court of International Justice (an interpretation which has been placed upon it in the Department of State)? We feel that the Security Council should be able to propose terms of settlement at a stage before a dispute has been found to be a threat to peace under Section B of this Chapter.

7. *Special Military Agreements.* (Chapter VIII B 5)

The methods are far from clear whereby the "special agreement or agreements concluded among themselves," by which all members would be expected to make forces, facilities, and assistance available to the Security Council, could be negotiated. A good deal of attention was paid to this paragraph during the recent debate in the Canadian House of Commons. It seems certain that there will be much discussion of it at San Francisco. We think, therefore, that we should discuss here both the procedure which might be adopted to give effect to the paragraph, and the character and extent of the obligations which member States might be expected to assume.

**447.** DEA/7-Vs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 73 London, April 6, 1945

IMPORTANT. TOP SECRET AND PERSONAL. Following from the Prime Minister for Mr. Mackenzie King, Begins: Thank you for your No. 87. I asked Mr. Vincent Massey to read out the first paragraph at a meeting of the Dominions Representatives this morning, and he did so to the universal satisfaction of those present who thought it the best possible summing up of the position. Ends.

**448.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 95 London, April 6, 1945

TOP SECRET. Following from Wrong, Begins: This morning Eden gave brief review of foreign situation especially emphasising improved relations with the United States during recent months and gravity of current difficulties with Soviet Government, especially over Poland. Mr. Churchill followed with some account of Yalta Conference. They are clearly greatly concerned over recent actions of Soviet Government, although Soviet denunciation of treaty with Japan has alleviated their anxiety somewhat.

2. Mr. Churchill said he would have to inform parliament, within next fortnight, that the Yalta Agreement for establishing new Polish Government was ineffective. He saw no chance of Poland being represented at San Francisco. Eden considers it probable that Soviet delegation will attend, although for a time they thought there might be refusal to participate unless representation of Lublin Poles was agreed.

3. With regard to treatment of Germany, the Prime Minister confirmed that there was no real discussion at Yalta of what "dismemberment" meant in practice. He favours separation of Prussia from rest of Germany and said President still had some idea of establishing five German States.

4. At Prime Minister's request, Massey read first paragraph of your telegram No. 87 of April 5th on admission of Soviet Republics and there was general approval of views therein expressed.

5. This afternoon there was general discussion of Dumbarton Oaks proposals. The United Kingdom, New Zealand and ourselves had circulated papers containing chief comments and Evatt, Fraser and Mudaliar[83] did most of the talking. Australia, New Zealand and India all expressed general agreement with our suggestions. These will be considered in detail next week. Smuts urged that as few amendments as possible should be proposed at San Francisco and only suggested himself addition of a preamble and opening chapter headed "The New Faith", expressed in admirable language. Ends.

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[83]Sir A. Ramaswami Diwan Bahadur Mudaliar, membre pour l'approvisionnement, Conseil exécutif du gouverneur général de l'Inde et chef, la délégation indienne.
Sir A. Ramaswami Diwan Bahadur Mudaliar, Member for Supply, Governor-General of India's Executive Council and head, delegation of India.

**449.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 994 London, April 8, 1945

TOP SECRET. Following from Wrong, Begins: Following are some general impressions so far derived from meetings here.

1. If a Charter is produced at San Francisco it will have to be Dumbarton Oaks proposals as little amended as possible. Expansion into a full Constitution will have to be done by later agreements.

2. While pessimism over results is much less here than in Paris, there is no confidence of outcome. Some apprehension is felt that Soviet Government may cancel participation or withdraw delegation from Conference if Lublin Poles are not admitted. In that event United Kingdom Government favours going on without them.

3. Other Dominions and India support special grouping of "Security Powers" (Evatt's phrase) which have fought and suffered in war for purpose of representation on Council. United Kingdom has not taken a stand on this. Smuts has only indicated sympathy for our views.

4. Australia and New Zealand support changes to make amendment easier and to provide for general revision of Charter. They also favour changes to meet our central point concerning authority of Council to require all members to join in sanctions.

5. We start tomorrow with discussion of particular questions raised by each delegation with hope of ending Friday. Ends.

**450.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1021 London, April 10, 1945

SECRET. Following from Wrong, Begins: Chief feature of first meeting today was discussion arising from our proposals for limiting power of Security Council to require all members to undertake enforcement action. Discussion revealed wide difference of view. Evatt and Mudaliar joined United Kingdom Ministers in defending proposals as they stood, Australian and Indian representatives maintaining that universal obligation to enforce sanctions on call of Security Council was an essential principle. United Kingdom Ministers argued against our suggestions, mainly on operational grounds, to general

effect that Council must know in advance that all members would apply sanctions without delay. We contended that this was not necessary since force behind Council would be so great that Council members could themselves carry out almost any decision and could easily fill important gaps by bringing in particular States whose assistance might be needed in a special case.

2. I said I foresaw great difficulties in securing full public and Parliamentary support if text was not changed, emphasizing that consultation with States required to take serious action will almost certainly occur and that this might just as well be included in Charter, as prospects of ratification might be endangered in several countries if it were omitted.

3. The New Zealand representatives went further than we did and took line that all enforcement decisions of the Council should be confirmed by the Assembly by simple majority, except in cases of extreme urgency when Council might act, reporting later to Assembly. Smuts supported us to extent that he considered it absolutely impossible to expect States to send any forces overseas without prior consultation. He did not enter into other aspects but said this problem was the most important of all and critical to the establishment of the new Organization. All other speakers agreed on importance of issue.

4. United Kingdom representatives seemed not to have grasped the difficulties fully and discussion in which we took active part may have cleared their minds somewhat. Eden unfortunately had to leave before it really got under way. Since there seemed no prospect of reaching meeting of minds by further discussion here, Cranborne suggested at conclusion that we should consider this matter between ourselves at San Francisco. Ends.

**451.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1020 London, April 10, 1945

SECRET. Following from Wrong, Begins: We discussed on Monday voting in the Security Council and selection of non-permanent members.

2. On voting, we said Canadian Government would accept veto by permanent members on application of sanctions, but wished possibility of restricting veto power in other respects to be considered. Smuts and Evatt accepted Great Power veto on sanctions as inevitable. Fraser criticized it strongly and indicated New Zealand might vote against it at San Francisco. All these delegations were critical of veto of Great Powers on amendments to the Charter — this will be discussed later.

3. Eden said United Kingdom Government was bound to support this particular provision regarding application of sanctions but was free to express opinions as to how far veto power should extend in other respects. It seems,

therefore, that matters such as removal of Great Power veto on consideration of disputes to which they are not party can be examined at San Francisco.

4. Consideration followed of selection of non-permanent members of Council and there was general agreement on all sides that some method should be found which would provide more effectively for representations of States able and willing to assume substantial responsibilities. Evatt, Fraser and Mudaliar all strongly favoured some such provision but Smuts, though recognizing importance of question, thought it might be dealt with by later amendment of Charter. After discussion of various methods an Expert Committee was appointed, which met last night.

5. This morning the Committee's report was accepted as basis for consideration at San Francisco without, of course, obligating Governments concerned. It proposes that Charter should be amended by inclusion of provision that Assembly, in electing non-permanent members, "should pay due regard to the contribution of the members of the Organization towards the maintenance of international peace and security and towards the other purposes of the Organization." It suggests that the first Security Council should be nominated by the San Francisco Conference and that a resolution should be passed there establishing a Committee to recommend to the first Assembly a priority list of all members to be used as the basis for future elections. This is, in fact, as good a proposal as I expected we could get. Ends.

**452.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1053 London, April 13, 1945

SECRET. Following from Wrong, Begins: Following are chief points of interest at Commonwealth meetings since April 10th.

1. There was general agreement that Assembly should possess as wide authority as possible except that Security Council should have primary jurisdiction in consideration of disputes. I raised question of procedure if Council were deadlocked under its voting procedure and could take no action in a dangerous dispute. United Kingdom representatives said this would require further consideration as position was not covered properly in the proposals.

2. All Delegations agreed that provision should be made for general review of Charter after 5 or 10 years, Smuts pressing for a short trial period. Other Delegations did not support my suggestion that opportunity for withdrawal might be afforded at this review. No one favoured inclusion of Right of Withdrawal as in Covenant.

3. The amendment provisions were widely criticized as too rigid and especially the Great Power veto on amendments. United Kingdom were agreeable to some change in this respect.

4. All agreed that Council should be able to recommend solutions of disputes under Chapter VIII A. United Kingdom considered this already covered, but recognize language requires clarification.

5. Discussion threw little light on questions raised by us respecting military agreements and relationship of peace enforcement machinery to the World Organization. The discussion of economic and social aspects was also not illuminating.

6. All agreed that a preamble setting forth the high purposes of the Charter should be added.

As Smuts remarked, the question of the veto hung over everything, and we are certain to hear much more of it at the Conference. Ends.

**453.** DEA/7-Vs

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

CONFIDENTIAL London, April 23, 1945

Dear Mr. Robertson,

As you will already have received both written and oral reports from Mr. Wrong on the British Commonwealth Meetings to discuss World Organization, I do not propose to send a formal summary of the talks which have just been concluded. You may wish to have, however, some comment from me on certain general aspects of the meeting.

2. To begin with, I think it can be said with confidence that the meeting accomplished a number of useful purposes. As Lord Cranborne said in the House of Lords, it acted as a sort of dress rehearsal for San Francisco. The United Kingdom delegates to San Francisco, most of whom attended at least some of the meetings, have stated that they now have a clearer understanding of the issues involved, as well as of the views of other parts of the Commonwealth. A substantial measure of agreement was disclosed or achieved, and the exposure of differences — for example on the question of territorial trusteeship — was equally valuable.

3. The question of a "single voice" was irrelevant. It is unfortunate that advocates of such a policy could not see the Commonwealth consulting together in this way, so that they might realize the impracticability of the single voice in real situations and the advantages — for the United Kingdom, as well as the Dominions — of present methods of consultation. If the delegations had cast votes on each issue, the United Kingdom would have found itself out-voted on several matters in which she had at least tacit commitments to the Soviet Union and the United States. It is, of course, quite unreal even to speculate about the results of voting at such a Commonwwealth meeting, when one is concerned for the most part with shades of opinion and

questions of emphasis, rather than with clear-cut issues on which votes might be cast. From the point of view of Commonwealth relations, the meeting was well timed. The flurry caused by the White House statement on multiple voting in the Assembly made it desirable that the position of the Commonwealth should be stated sharply and clearly. Spokesmen of all delegations made statements on the subject which could not be misunderstood. It is satisfactory that the lead was taken by Lord Cranborne and Dr. Evatt so that there was no encouragement to the view that this is a peculiar Canadian heresy. What is possibly more important is that the meeting provided a useful example of Commonwealth machinery functioning for mutual advantage. It was a desire of the United Kingdom Government, and certainly of ourselves, that no particular attention should be attracted to what was described as a perfectly normal process. It is my feeling that the more such discussions become accepted as routine, the less misunderstandings there will be. It was satisfying also to attend a Commonwealth meeting at which practically no time was given up to introspective examination of the nature of the Commonwealth and there was, therefore, full time for the real purposes of consultation.

4. The United Kingdom delegation included, besides Lord Cranborne and Mr. Attlee, who attended regularly, the other members of the delegation to San Francisco, Miss Wilkinson, Miss Horsbrugh, Mr. Tomlinson, Mr. Foot and Mr. Mabane. The "other members" attended as observers and did not make any contribution to the discussion. Mr. Eden attended several meetings and Sir Alexander Cadogan was present at all the meetings. Mr. Bevin took part in one meeting and Mr. Amery in several meetings, although he did not speak. Colonel Stanley introduced the question of territorial trusteeship, but he was promptly afflicted with mumps and his place was taken by the Duke of Devonshire. Lord Cranborne was an excellent Chairman, who combined most successfully the role of principal spokesman for the United Kingdom with that of an objective Chairman. The United Kingdom delegation gave careful consideration to our own views and those of other delegations. On the question of mandates their policy was definitely modified as a result of the strong difference of opinion on the part of the Australian and New Zealand delegations. In other respects, I think it might be expected that the United Kingdom policy will be modified at least in emphasis. They did, I understand, appreciate particularly the careful study which had been given to the subject by the Canadian Government and the responsible nature of the criticism and suggestions which came from the Canadian delegation.

5. The outstanding figure at the meeting, although by no means the most voluble, was Field Marshal Smuts, who played the role rather of a member-at-large than a representative of South Africa. Particularly in his impromptu opening statement, he showed a masterly, philosophic approach to the problems of world organization. It was obvious, however, that he had not given very careful attention to the details of the Dumbarton Oaks proposals, and in some cases seemed to be reasoning out their implications for the first time. As a man intimately associated with the League of Nations, he displayed a flexibility of outlook and a willingness to accept the new approach which is not

characteristic of elder statesmen who have been attached to lost causes. He paid very careful attention to the Canadian views expressed and frequently referred to the importance of Canada in the new world organization and the difficult position in which Canada might be placed by the present proposals. He supported our views on the position of the important secondary powers. He also supported our view on the obligations of non-members of the Council in the enforcement of sanctions. He argued quite forcefully that it would be impossible to expect non-members of the Council to cooperate loyally in the enforcement of decisions in which they had had no share. Although he did not base this argument on the attitude of his own country, he must have been aware of the view that would probably be taken by most Afrikaners of such a commitment. For the most part, his views were close to those of the United Kingdom. On the subject of mandates, he was inclined to be even more rigid than Colonel Stanley. He admitted his dislike of the Yalta voting formula but constantly emphasized that the cooperation of the Soviet Union and the United States was worth a very considerable price. His chief contribution was a preamble to the Charter, stating the principles which would govern the World Organization. This was accepted with some enthusiasm by the meeting, although some changes were made. Its simplicity of language and high moral tone added to the Charter something of the inspirational quality which was lacking in the official language of the Dumbarton Oaks Proposals.

6. The Australian delegation was dominated by Dr. Evatt. Mr. Forde was obviously unacquainted with the details of the subject and spoke very little. Dr. Evatt's forthrightness at times became bluntness, but it was, I think, recognized that for the most part he showed intelligence and a considerable grasp of the subject. His former prejudices against Canada seem to have largely dissolved, and he frequently associated himself emphatically with what he considered to be the general Canadian attitude on World Organization. Particularly on the subject of the position of secondary States he was in sympathy with us. He was even more emphatic than we on the need for amendment of the Charter without the right of veto on the part of permanent members. Constantly, when faced with such unpleasant features of the scheme as the Yalta voting formula, he emphasized that Australia could accept this situation provided it could be amended later on. On the subject of territorial trusteeship, he aligned himself with Mr. Fraser in a vigorous attack on United Kingdom policy. The eventual decision of the United Kingdom to accept the continuation of the mandates in a reformed state and the principle that other dependent territories might be voluntarily placed under some form of international trusteeship did not satisfy Dr. Evatt — especially as Lord Cranborne indicated that the United Kingdom would not place any of her colonies under international trusteeship. As might be expected, he placed a great deal of emphasis on the social and economic aspects, insisting particularly that the Social and Economic Council should be recognized as one of the principal organs. There was some uncertainty about the Australian view on the powers of the Social and Economic Council. At the request of the Australian delegation a question was placed on the agenda asking whether the Social and

Economic Council should be given powers of decision as contrasted with powers of recommendation, in order to coordinate more effectively the work of specialized organizations, to take appropriate action in an economic emergency, and to initiate conventions. However, Dr. Evatt did not go nearly so far in his statement on this subject. I have reason to believe that there was some difference of opinion within the Australian delegation on this subject. It is Mr. Holmes' impression, from his association with the Australian advisers, that Dr. Burton expected Dr. Evatt to insist that the Social and Economic Council should have a comparable authority with the Security Council, but he was apparently persuaded otherwise by Mr. Bailey, who understood too much about the legal problems involved, as well as by other more moderate members of the delegation.

7. The relations between the Australian and New Zealand delegations were close and showed the mutual understanding which has resulted from frequent consultation. There was nothing exclusive, however, about their relations, and the two Southern Dominions did not on their own part form a bloc. On one occasion at least, Dr. Evatt indicated that he was speaking for Australia and New Zealand, but Mr. Berendsen, who spoke later, took a quite different position on the subject under discussion. This subject, the obligations of non-members of the council to enforce sanctions, was the only principal matter on which there was an important difference of opinion between the Australian and Canadian delegations. Dr. Evatt, along with Sir Ramaswami Mudaliar, supported the United Kingdom view on this subject, both being convinced that nothing should be done which might seem to weaken the striking power of the new Organization.

8. The New Zealand delegation was on the whole farthest away from the United Kingdom point of view. At this meeting, the Canadian view was for the most part possibly closest to that of the United Kingdom, and the New Zealand view most irreconcilable. The difference between the Canadian and New Zealand approach was due, I think, to the fact that the Canadian view was based on a full appreciation of the political factors involved, whereas Mr. Fraser, who could be described as the only Wilsonian present, was inclined to be guided almost entirely by his conception of abstract justice. Although Mr. Fraser's comments seemed sometimes irrelevant and impractical, it was useful to be reminded from time to time of what was ultimately desirable. Mr. Fraser stated frankly that the New Zealand Government could not accept the Yalta voting formula. He could not promise that they would vote for it at San Francisco, although they would not act without the most careful consideration. On the question of mandates, the New Zealanders were even more emphatic than Dr. Evatt in their opposition to United Kingdom policy. They supported our view on secondary powers but, as might be expected of a very small state, tended to emphasize willingness rather than capacity as a qualification for membership on the Security Council. Mr. Fraser was particularly bitter about the Yalta agreement to admit to San Francisco "the band-wagon states" who had made death-bed repentances by March 31st. His sentiments on this subject were widely shared. Indeed, a considerable amount of discussion was due to a

general fear of the damage which could be done to the World Organization by the combined action of irresponsible states, particularly some of those from Latin America. There were constant references to the behaviour of the Latin American bloc at Chicago and a desire to prevent such activities from frustrating the purposes of the new Organization. The New Zealand delegation placed particular emphasis on the need to expand the powers of the Assembly. This was their cure for difficulties over voting in the Security Council and over the question of the obligations of non-members of the Council to enforce sanctions. They were also very anxious to establish in the Charter the principles of justice according to which decisions of the Organization would be made. Mr. Fraser was also the leader in the effort to secure in the Charter a guarantee of the territorial integrity and political independence of members.

9. The outlook of New Zealand differed in certain interesting respects from that of Canada, Australia or India, in that New Zealand frankly admitted that it was a small Power, whereas the other three countries considered themselves to be in a special category. Field Marshal Smuts was equally frank in admitting that South Africa was a small Power, but it can scarcely be said that he acted in the role of a spokesman for the smaller powers in the way in which Mr. Fraser did.

10. The Indians played a helpful and responsible role in the meetings. Sir Ramaswami Mudaliar has a direct and logical mind which was very valuable in the discussions. In his introductory remarks Sir Firoz Khan Noon insisted that the Indian delegation was the free representative of the Indian Government and not responsible to Whitehall. Certainly their opinions as expressed seemed to be quite as free as those of the other delegations. Sir Ramaswami Mudaliar associated the Indians very strongly with the Canadian view on secondary powers. At frequent intervals, we were reminded by the Indians that they considered India to be every bit as capable of contributing to the new World Organization as China, and they would consider it quite intolerable if their position vis-à-vis China was in accordance with present plans. For the most part their views were similar to ours, except that they supported the United Kingdom and Australia on the question of sanctions. Possibly Sir Ramaswami's most impressive contribution was in connection with the debate on territorial trusteeship on which question the Indians associated themselves in general with the Australians and New Zealanders. Whereas other delegations had been pleading with the United Kingdom to take a stand which would not offend American public opinion, Sir Ramaswami pointed out the importance of not offending Asiatic public opinion by seeming to stand in the way of what they would regard as a forward step in the treatment of dependent peoples.

11. From the Canadian point of view there is good reason to feel satisfied with much of the discussion. We secured general support for our views on the secondary powers and on the related questions of amendment of the Charter and the right of withdrawal. The results were not quite so satisfactory in certain other respects. Although we secured the support of Field Marshal Smuts, and to some extent of Mr. Fraser, in our attitude on the obligations of

non-member States to enforce sanctions, we met with strong opposition from the United Kingdom, Australia and India. Lord Cranborne himself feels strongly on this subject, as was evident both at the meeting and in his address to the House of Lords on the occasion of the debate on the San Francisco Conference. We did succeed, however, in making the United Kingdom aware more fully of our problems in this regard, and we know exactly where we stand as far as they are concerned. Another somewhat unsatisfactory feature was our failure to get very far on the question of the functions of the Military Staff Committee, the nature of the military agreements to be concluded by member states, and the relation of the Security Council to the enforcement of peace treaties against ex-enemy States. The reason for our failure in this regard was undoubtedly the fact that the United Kingdom, or the United Kingdom and the other sponsor States, have not themselves thought out these problems to any very great extent. Our emphasis on these problems may have served to indicate to one of the Great Powers at least that it is essential to have some clearer understanding of these aspects of the new Organization.

12. I am enclosing a copy of a summary of the treatment of the Meeting in the United Kingdom press.'

Yours sincerely,

VINCENT MASSEY

## SECTION B

### CONFÉRENCE DES NATIONS UNIES SUR L'ORGANISATION INTERNATIONALE, SAN FRANCISCO, DU 25 AVRIL AU 26 JUIN 1945
### UNITED NATIONS CONFERENCE ON INTERNATIONAL ORGANIZATION, SAN FRANCISCO, APRIL 25-JUNE 26, 1945

**454.** DEA/7-Vs

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

NO. 293 Ottawa, March 5, 1945

Sir,

The Government of the United States of America, on behalf of itself and of the Governments of the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics and the Republic of China, invites the Government of Canada to send representatives to a conference of the United Nations to be held on April 25, 1945, at San Francisco in the United States of America to prepare a charter for a general international organization for the maintenance of international peace and security.

The above named governments suggest that the conference consider as affording a basis for such a charter the proposals for the establishment of a

general international organization, which were made public last October as a result of the Dumbarton Oaks Conference[84] and which have now been supplemented by the following provisions for Section C of Chapter 6.

"C. VOTING.

1. Each member of the Security Council should have one vote.

2. Decisions of the Security Council on procedural matters should be made by an affirmative vote of seven members.

3. Decisions of the Security Council on all other matters should be made by an affirmative vote of seven members including the concurring votes of the permanent members; provided that, in decisions under Chapter 8, Section A and under the second sentence of paragraph one of Chapter 8, Section C, a party to a dispute should abstain from voting."

Further information as to arrangements will be transmitted subsequently. In the event that the Government of Canada desires in advance of the conference to present views or comments concerning the proposals, the Government of the United States of America will be pleased to transmit such views and comments to the other participating governments.

Accept etc.

RAY ATHERTON

**455.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 19 Ottawa, March 5, 1945

Sir,

The Government of Canada is pleased to accept the invitation conveyed in your Note No. 293 of March 5th on behalf of the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics and the Republic of China to send representatives to a conference of the United Nations to be held on April 25th, 1945, at San Francisco to prepare a charter for a general international organization for the maintenance of international peace and security.

The Government of Canada agrees that the conference should accept as a basis for its discussions the proposals for the establishment of a general international organization, which were made public in October 1944 and have now been supplemented by the addition set forth in your Note of provisions regarding voting procedure in the Security Council.

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[84]Voir États-Unis./See United States,
*Department of State Bulletin*, Volume 11, October 8, 1944, pp. 367-74.

Note has been taken of the offer of the Government of the United States of America to transmit to other participating governments such views or comments concerning the proposals as the Government of Canada may desire to present in advance of the conference. I shall communicate with you again if the Government of Canada decides to take advantage of this offer.

Accept etc.

W. L. MACKENZIE KING

**456.** DEA/7391-D-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 40 Ottawa, April 12, 1945

I have the honour to refer to your communication of March 26,[1] with regard to the composition of the Canadian delegation to the United Nations Conference at San Francisco and to inform you that the following will be the delegates representing Canada:

RT. HON. W. L. MACKENZIE KING, P.C., M.P., Prime Minister of Canada, President of the Privy Council and Secretary of State for External Affairs, Head of the Delegation.
HON. L. S. ST. LAURENT, K.C., M.P., Minister of Justice and Attorney General of Canada, Deputy Head of the Delegation.
SENATOR THE HON. J. H. KING, M.D., Leader of the Government in the Senate.
SENATOR LUCIEN MORAUD, K.C.
MR. GORDON GRAYDON, M.P., Leader of the Opposition in the House of Commons.
MR. M. J. COLDWELL, M.P., President and Parliamentary Leader, Co-operative Commonwealth Federation.
MRS. CORA T. CASSELMAN, M.P.

The following persons will be senior advisors to the delegation:

MR. N. A. ROBERTSON, Under-Secretary of State for External Affairs.
MR. H. H. WRONG, Associate Under-Secretary of State for External Affairs.
MR. L. B. PEARSON, Canadian Ambassador to the United States.
MR. JEAN DÉSY, K.C., Canadian Ambassador to Brazil.
MR. L. D. WILGRESS, Canadian Ambassador to the U.S.S.R.
MR. W. F. CHIPMAN, K.C., Canadian Ambassador to Chile.
MAJOR-GENERAL M. A. POPE, C.B., M.C., Military Staff Officer to the Prime Minister, Military Secretary to the Cabinet War Committee and Member of the Chiefs of Staff Committee.

The following persons will be special advisors to the delegation:

MR. P. E. RENAUD, Department of External Affairs.
MR. L. RASMINSKY, Assistant to the Governor of the Bank of Canada.
MR. E. REID, Canadian Embassy, Washington.
MR. C. S. RITCHIE, Department of External Affairs.
MISS ELIZABETH MACCALLUM, Department of External Affairs.
MR. R. CHAPUT, Department of External Affairs.

The Press and Information Officers of the Canadian delegation will be the following:

Mr. A. D. Dunton, General Manager of the Wartime Information Board.
Mr. Hugh Campbell, Wartime Information Board, Canadian Embassy, Washington.
Mr. N. J. Anderson, Wartime Information Board.

The secretariat of the delegation will be as follows:

Secretary —

Mr. R. G. Robertson, Department of External Affairs.

Assistant Secretaries —

Mr. J. L. Delisle, Department of External Affairs.
Miss M. Bridge, Department of External Affairs.

The following members of the secretariat of the Prime Minister and Secretary of State for External Affairs will attend the Conference with the delegation:

Mr. W. J. Turnbull, Principal Secretary.
Mr. J. W. Pickersgill.
Mr. J. A. Gibson.
Lt. Colonel C. S. Wallace.
Mr. J. E. Handy.

The following secretaries to delegates will accompany the delegation:

Mr. M. Jack — secretary to Mr. Graydon
Mr. A. B. Macdonald — secretary to Mr. Coldwell

The administrative staff of the Canadian delegation will consist of the following:

*Cypher staff:*

Mr. A. L. Hall.
Mr. J. J. Meagher.
Sergeant P. Cooper.
Miss C. McCorquodale.
Miss E. Simond.

*Clerical staff:*

Mr. Roger Frankham, Prime Minister's Messenger.
Mr. D. H. Russell, Prime Minister's Stenographer.
Miss S. Rump, Department of External Affairs, Stenographer.
Miss A. Hill, Department of External Affairs, Stenographer.
Miss L. St. George, Department of External Affairs, Stenographer.
Miss H. Perrault, Department of External Affairs, Stenographer.
Warrant Officer L. Dawson (C.W.A.C.), Stenographer.
Miss C. S. Irving, Stenographer.
Mrs. R. S. Mitchell, Wartime Information Board, Stenographer.
Mrs. F. Fowler, Wartime Information Board, Stenographer.
Sergeant J. C. MacKellar, Army Messenger.
Sergeant J. A. Lemelin, Army Messenger.
Sergeant R. G. Hinde, Army Messenger.

*Accountant:*

Mrs. P. M. Jones.

In addition to the above, a personal secretary may be taken by Mr. St. Laurent. There will also be a stenographer whose name is not known here proceeding from our Embassy in Washington. In attendance on the Prime Minister in addition to those listed, there will be the Prime Minister's confidential messenger, Mr. Nicol.

The above information has been sent by teletype[1] to our Embassy in Washington, which has been in communication with the officials in the State Department, who are making the Conference arrangements. In addition, we have informed them of the modes and dates of travel and of the ports of entry into the United States. Since this has been done, I assume there is no need to burden you with a repetition of it.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**457.** DEA/7-Vs

*Procès-verbal d'une réunion de la délégation canadienne, la Conférence des Nations Unies sur l'Organisation internationale*

*Minutes of Meeting of Canadian Delegation, United Nations Conference on International Organization*

SECRET San Francisco, April 27, 1945

1. At 5 o'clock on April 24th a meeting was held in the Prime Minister's rooms at which the following persons were present:

The Prime Minister,
Mr. St. Laurent,
Senator King,
Senator Moraud,
Mr. Graydon,
Mr. Coldwell,
Mrs. Casselman,
Mr. Robertson,
Mr. Wrong,
Mr. Désy,
Mr. Wilgress,
General Pope,
Mr. Renaud,
Mr. Rasminsky,
Mr. Ritchie,
Mr. Pickersgill,
Mr. R. G. Robertson

During the course of the meeting it was joined by the following:

Mr. Pearson,
Mr. Chipman,
Mr. Reid,
Mr. Dunton.

2. The Prime Minister opened the meeting by stating that he thought that the Canadian delegation would be best advised to withhold suggestions for amendment and positive comment for the time being until there was an opportunity to see how the conference developed and to ascertain what measures would be necessary. In connection with the organization of the conference he asked Mr. Wrong to outline information that had thus far been received.

3. Mr. Wrong stated briefly the information that was available with regard to the plans for the opening session at 4:30 on April 25th and for the meeting of the Steering Committee at 10:30 on April 26th. In connection with the work of commissions and committees, he submitted a tentative list of Canadian delegation personnel for the proposed four main commissions. The Prime Minister emphasized that this was a purely tentative list and instructed that copies of it be made available to the delegates and advisers for consideration and suggestion.

4. In connection with relations with the press the Prime Minister pointed out the possibility of embarrassment through casual statements that might receive publication. He suggested, and it was agreed, that no statements with reference to the work of the conference should be given to the press by members of the delegation except through Mr. Dunton. As a first statement, it was agreed that Mr. Dunton should tell the press that the Canadian delegation was of one mind in its desire to do everything possible to assist the work of the conference and ensure its success. It was also to be stated that the fact that the Canadian delegation was not bringing forward specific amendments to the proposals immediately did not mean that the delegation did not have definite views as to measures of improvement that should be taken. Suggestions for revision and views in general would be put forward as seem desirable after careful consideration of the circumstances. The primary aim of the Canadian delegation was to ensure that world organization would be brought into being in as large a way as might be possible.

5. In connection with the probability that the Soviet delegation would bring forward a proposal for separate membership for the Ukraine and for White Russia, the Prime Minister said that he assumed that the delegation was in agreement that the action taken by Mr. Churchill and Mr. Roosevelt at Yalta in support of this proposal was wise. He thought that emphasis should be placed on separate membership rather than on the multiple vote aspect. Mr. Coldwell said that he felt that we could not oppose separate membership in view of the position of India.

Arising out of this matter Mr. Pearson said that he thought there was no possibility that the United States would bring up the question of multiple votes for themselves. It involved a departure in principle and they did not wish to start the extensive debate that would immediately arise.

6. The Prime Minister closed the meeting with the observation that there were a great many difficulties to be surmounted at the conference and that the problems were going to be greater than most people had foreseen or even yet foresaw.

**458.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-73 San Francisco, May 2, 1945

IMMEDIATE. SECRET. Following for Read from Robertson, Begins: We are considering submitting the following as provisions to be added to Chapter X of the Dumbarton Oaks proposals concerning the Secretariat:

"4. The Secretary General and other personnel of the United Nations shall not seek or receive instructions in regard to the discharge of their responsibilities from any Government or from any other authority external to the

Organization. The Secretary General and other personnel shall refrain from any action, including any public pronouncement, which may reflect upon their position as international officials, either in their own countries or elsewhere. Each member undertakes to respect fully the international character of the responsibilities of the Secretary General and other personnel and not to seek to influence them in the discharge of their responsibilities.

5. The appointment and conditions of service of the personnel of the United Nations shall be such as to permit the establishment of a truly international Civil Service with the highest standards of efficiency, competence and integrity. The personnel shall be selected by the Secretary General under rules to be established by the General Assembly. Positions shall be open equally to men and women. Subject to the paramount importance of seeking the highest standards of efficiency, competence and integrity, due regard shall be paid to the importance of recruiting personnel on as wide a geographical basis as possible.

6. The Secretary General and other personnel of the United Nations shall be immune from legal process with respect to acts performed by them in their official capacity, except when the United Nations waives this immunity.

7. In order to guarantee the independence of the United Nations as an international institution, the General Assembly shall adopt a convention, for submission to the members with a view to ratification, establishing the legal status to be conferred on the United Nations, the official international organizations or agencies brought into relationship with it, and on the personnel of the United Nations and these related agencies."

I should appreciate it if you could give these paragraphs your immediate consideration and let me have your comments. Ends.

**459.** DEA/7-Vs

*Le secrétaire d'État par intérim aux Affaires extérieures à la délégation, la Conférence des Nations Unies*

*Acting Secretary of State for External Affairs to Delegation, United Nations Conference*

TELEGRAM D-100 Ottawa, May 3, 1945

IMMEDIATE AND SECRET. Following from Read to N. A. Robertson, Begins: Your telegram H-73 May 2, 1945. I have considered draft paragraphs 4 to 7 for addition to Chapter X of Dumbarton Oaks proposals. The proposal throughout used the word "should" in the case of mandatory provisions and in these paragraphs it is suggested that the same type of wording might need to be followed for the sake of uniformity.

There is no reference to "personnel" in Chapter X and in order to take this into account the first line of the draft paragraph 4 might be revised to read:

4. "The Secretary General and personnel of the staff of the United Nations should not send etc."

The other references would not need any change with the exception of the addition of the word "other" in the second sentence of paragraph 5.

Generally I think that these paragraphs are entirely satisfactory and add greatly to the effectiveness of the proposals considered as a whole.

Mr. Wershof has made the following comments on paragraph 6:

(a) Why deal with this particular immunity at this point? There will surely be a chapter (or a separate convention) dealing with immunities of the organization and its staff.

(b) When you say "except when the United Nations waives this immunity"; what does it mean? Who can act for the United Nations in waiving immunity?

(c) The phrase "acts performed by them in their official capacity" is not precise. If a clerk is breaking the traffic laws in his motor car while on an official errand, is it an act performed in his official capacity?

I think that these points are well taken. If there is a chapter on immunities of the organization and its staff or a separate convention it may be possible to omit paragraph 6. The point with regard to waiver does raise a question as to who can act, but that could very well be taken care of in general rules as to procedure. The question of "acts performed by them in their official capacity" is not in one sense of the word precise. On the other hand, it would be difficult, if not impossible, to work out in these proposals precise categories of action which could be regarded as being "official" for the purposes of the rule. On the whole I think that these points should be kept in mind by any person on the drafting committee which settles in detail the text of the charter. At the present stage when the matters are being considered as proposals, I should be inclined to regard the inclusion of paragraph 6 as being both desirable and adequate in its present form.

**460.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-84 San Francisco, May 4, 1945

IMMEDIATE. We are submitting our amendments to Secretary General today and shall release text to Canadian correspondents here late this afternoon. In putting forward amendments we have taken account of amendments proposed by some delegations and have left it to them to advance suggestions which we could support.

Summary of our chief amendments is as follows:

(1) Composition of Security Council. Insertion of sentence requiring Assembly to adopt rules for choice of non-permanent members, giving due weight to their contribution to maintenance of security and performance of their obligations to the Organisation. (We should hope that Conference might

establish Continuing Committee to prepare rules for consideration at first Assembly.)

(2) Alteration of Chapters VI D (4) on lines of Article IV (5) of Covenant to give States whose interests are especially affected right to sit as member in Security Council, together with corresponding alteration in following paragraph.

(3) Insertion of new paragraph 8 in Chapter VIII B, requiring that States not on Council should sit as members before they are called upon to provide forces under paragraphs 4 and 5. (New Zealand Government are proposing that all Council decisions, except in cases of extreme urgency, must be approved by Assembly before they become effective. We have decided not to propose amendment on lines of paragraph 6 of our memo to Great Powers of January 12th[85] since this would have no chance of adoption and New Zealand amendment ensures consideration of entire machinery for application of sanctions by States not on Council).

(4) A complete rearrangement, with some additional matter, of Chapter dealing with economy [*sic*] and social cooperation.

(5) Addition of paragraphs on Secretariat to Chapter X, with some revisions from form already telegraphed to you.

(6) Addition to Chapter XI of requirement that special Conference to consider revision of whole Charter shall be convened in 10 years. (Australia is suggesting that amendments should be made by two-thirds majority in two successive Assemblies, including votes of at least three permanent Council members in each majority, with elimination of ratification requirement. We have, therefore, not made a similar proposal).

**461.** DEA/7-Vs

*Amendements proposés aux propositions de Dumbarton Oaks*

*Proposed Amendments to Dumbarton Oaks Proposals*

[San Francisco,] May 4, 1945

AMENDMENTS TO DUMBARTON OAKS PROPOSALS SUGGESTED BY THE CANADIAN DELEGATION[86]

*Introductory Note*

In putting forward the amendments which follow, the Canadian Delegation has taken account of the amendments proposed by a number of other delegations. It has not included in its own suggestions several amendments already proposed which it expects to support.

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[85]Voir le document 409./See Document 409.

[86]Les prochaines notes, N° 87, 88, 89, étaient dans l'original.
The following footnotes, Nos. 87, 88, 89, were in the original.

*Composition of the Security Council*

(Chapter VI, Section A)

1. In the second sentence of Chapter VI A delete the words "in due course" before "France."

2. Substitute for the third sentence of Chapter VI A the following:

"The General Assembly shall elect six states to fill the non-permanent seats. The General Assembly shall adopt rules governing the choice of the non-permanent members, in order to ensure that due weight be given to the contribution of members to the maintenance of international peace and security and the performance of their obligations to The United Nations."

*Voting in the Security Council*[87]

(Chapter VI, Section C)

The first three lines of paragraph 3 to be amended to read as follows:

"Decisions of the Security Council on all other matters shall be made by an affirmative vote of not less than two-thirds of all the members of the Security Council including the concurring votes of the permanent members;"

*Temporary Membership in the Security Council*[88]

(Chapter VI, Section D)

Paragraphs 4 and 5 to be amended to read as follows:

"4. Any member of The United Nations not represented on the Security Council shall be invited to send a representative to sit as a member at any meeting of the Security Council during the consideration of matters specially affecting the interests of that member of The United Nations.

5. Any member of The United Nations not represented on the Security Council and any state not a member of The United Nations, if it is a party to a dispute under consideration by the Security Council, shall be invited to send a representative to sit as a member at any meeting of the Security Council during the consideration of the dispute."

*The Security Council: Procedure*

(Chapter VI, Section D)

Add new paragraph 6:

"The Security Council shall submit annual and, when necessary, special reports to the General Assembly for its consideration."

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[87]This amendment is related to the amendments proposed by the Canadian delegation to Section D of Chapter VI and Section B of Chapter VIII.

[88]This amendment is related to the amendments proposed by the Canadian Delegation to Section C of Chapter VI and Section B of Chapter VIII.

*Determination of Threats to the Peace or Acts of Aggression and Action with respect thereto*[*]

(Chapter VIII, Section B)

The following new paragraph to be inserted between paragraphs 7 and 8:

"Any member of The United Nations not represented on the Security Council shall be invited to send a representative to sit as a member at any meeting of the Security Council which is discussing under paragraph 4 above the use of the forces which it has undertaken to make available to the Security Council in accordance with the special agreement or agreements provided for in paragraph 5 above."

*Arrangements for International Economic and Social Cooperation*

(Chapter IX)

*Note:* The Canadian Delegation is of the opinion that the various provisions of Chapter IX of the proposals could with advantage be rearranged and clarified. It, therefore, submits a revised draft of this chapter which takes account of certain amendments proposed by other delegations. (Reference is made in brackets at the end of each provision to the related provisions of the Dumbarton Oaks proposals as presented in Conference Document I).

Section A. *Purposes*

(The statement of purposes might in the final drafting be removed from this chapter and consolidated with the general statement of purposes in Chapter I).

With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations, (page 18, lines 10-13) members agree to cooperate fully with each other and with The United Nations (new) with the object of:

(a) attaining higher standards of living and economic and social progress and development (new)

(b) facilitating the solution of international economic, social and other related problems; (page 18, lines 13-14)

(c) promoting respect for human rights and fundamental freedoms. (page 18, lines 15-16).

Section B. *Organization*

1. For the purpose of promoting international cooperation in economic, social and related fields and of adjusting situations likely to impair the general welfare, the General Assembly shall initiate studies and make recommendations (page 5, lines 16-20) in such form as it considers appropriate to the members of The United Nations and to official international organizations and

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[*]This amendment is related to the amendments proposed by the Canadian Delegation to Section C and D of Chapter VI.

agencies brought into relationship with The United Nations (hereafter referred to as "related organizations and agencies"). (new) The United Nations shall, where appropriate, initiate negotiations among the nations concerned for the creation of any specialized economic, social or other organization or agency for the accomplishment of the objective set out above (new).

2. To assist it in the discharge of its responsibilities the General Assembly shall establish an Economic and Social Council (page 18, lines 16-18) which, in addition to the functions more specifically enumerated under D and E below (new) shall receive reports from members of The United Nations and from related organizations and agencies on the steps taken to give effect to recommendations of the General Assembly (page 19, lines 15-16, and 20-22) and shall communicate its observations on such reports to the General Assembly. (new)

3. The Economic and Social Council may appoint such committees or commissions as may be required to assist it in the performance of its functions. (page 20, lines 14-18).

4. There shall be a permanent staff, which shall constitute part of the Secretariat of the United Nations, to assist the Economic and Social Council and such committees and commissions as may be appointed by it. (page 20, lines 18-20).

Section C. *Structure of the Economic and Social Council* (page 19, line 4)

1. The General Assembly shall elect eighteen members of The United Nations whose representatives shall constitute the Economic and Social Council (page 19, lines 4-6). In the election of members, the General Assembly shall have due regard to the necessity of arranging for the adequate representation of states of major economic importance (new). The members to be represented shall be elected by the General Assembly for a term of three years (page 19, lines 6-8) but at the first election six members shall be elected for a term of one year, six members for a term of two years, and six members for a term of three years (new) (page 19, lines 8-9). Each such member shall have one representative who shall have one vote. Decisions of the Economic and Social Council shall be taken by simple majority, provided at least twelve members vote. (page 19, lines 9-11). The Economic and Social Council shall adopt its own rules of procedure and the method of selecting its President (page 21, lines 3-5).

Section D. *Functions and Powers of the Economic and Social Council*

In addition to the functions enumerated elsewhere (new), the Economic and Social Council shall be empowered to (page 19, lines 13-14);

(a) receive and consider reports from related organizations and agencies (page 19, lines 20-22);

(b) communicate to the General Assembly and to members of The United Nations its observations on general questions of international economic and social policy arising out of its consideration of these reports (new);

(c) make on its own initiative studies, reports (new) and recommendations with respect to economic, social and other related matters of international concern (page 19, lines 17-19) to the General Assembly, to members of The United Nations and to related organizations and agencies (new);

(d) assist the Security Council upon its request and enable the Secretary-General to provide information to the Security Council (page 20, lines 7-9);

(e) perform services at the request of members of The United Nations and related organizations and agencies with respect to economic, social and other related matters, subject to the approval of the General Assembly (new);

(f) perform such functions as may be entrusted to it by intergovernmental agreement, subject to the approval of the General Assembly (new); and

(g) perform such other functions within the general scope of its competence as may be assigned to it by the General Assembly (page 20, lines 11-13).

Section E. *Relations with Other Official International Organizations* (new)

(1) Economic, social and similar inter-governmental organizations and agencies having specialized responsibilities in their fields as defined in their basic instruments shall be brought into relationship with The United Nations on terms to be determined by agreement between the Economic and Social Council and the appropriate authorities of the specialized organizations or agencies, subject to approval by the General Assembly, (page 18, lines 19-23 and page 19, lines 1-3). Such agreements shall be initiated by the Economic and Social Council (new).

(2) The Economic and Social Council shall co-ordinate the activities of related organizations and agencies through consultation with, and recommendations to, such organizations and agencies (page 20, lines 1-2) and through recommendations to the General Assembly and to members of The United Nations (new).

(3) The Economic and Social Council shall make suitable arrangements with related organizations and agencies for the participation, where appropriate, of representatives of such organizations and agencies in its deliberations and in those of any committees or commissions established by it (page 20, lines 21-23 and page 21, lines 1-2), and for the participation of representatives of the Economic and Social Council in the deliberations of such organizations and agencies (new).

*Secretariat*

(Chapter X)

Add the following paragraphs:

4. The Secretary General and other personnel of The United Nations shall not seek or receive instructions in regard to the discharge of their responsibilities from any government or from any other authority external to The United Nations Organization. The Secretary General and other personnel shall refrain from any action, including any public pronouncement, which may reflect upon

their position as international officials, either in their own countries or elsewhere. Each member undertakes to respect fully the international character of the responsibilities of the Secretary General and other personnel and not to seek to influence them in the discharge of their responsibilities.

5. The appointment and conditions of service of the personnel of The United Nations shall be such as to permit the establishment of a truly international civil service with the highest standards of efficiency, competence and integrity. The personnel shall be selected by the Secretary General under rules to be established by the General Assembly. Positions shall be open equally to men and women. Subject to the paramount importance of seeking the highest standards of efficiency, competence and integrity, due regard shall be paid to the importance of recruiting personnel on as wide a geographical basis as possible.

6. With a view to ensuring the independence of The United Nations, the official international organizations or agencies brought into relationship with it, and the personnel of The United Nations and such related agencies, their legal status and appropriate immunities from national jurisdiction shall be defined by a Convention to be adopted by the General Assembly for submission to the members of The United Nations. The members undertake that they will in no case subject the personnel of The United Nations to legal process with respect to acts performed by them in their official capacity unless this immunity is waived by The United Nations.

*Amendments*

(Chapter XI)

The following additions to be made to this Chapter:

1. "No amendment shall be considered by the General Assembly unless its text has been communicated by the Secretary General to all members at least three months before the opening of the General Assembly.

2. In the course of the tenth year from the date on which the Charter shall come into effect, a special Conference of The United Nations shall be convened to consider the general revision of the Charter, in the light of the experience of its operation."

**462.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-145 San Francisco, May 10, 1945

SECRET. UNC-8. Following for Chiefs of Staff from Pope, Begins: After several more unfruitful meetings, Committee 3 of Commission III came down to earth with a bang this afternoon when the New Zealand representative, in

an impassioned oration, expressed the conviction that no Council of eleven members could possibly take it on itself, at least effectively, to speak for forty nations. Indeed, he argued, not even thirty-nine countries could validly speak for forty. He, therefore, moved an amendment to the effect that the Assembly should be associated with the decisions of the Security Council.

2. Stassen, of the United States, then spoke, and delivered himself of a speech based largely on sentimentality, coupled with the threat that it was inconceivable that members could return home having failed to reach agreement, that is to say, without having accepted the Charter as drafted by the Big Four.

3. This gave the Prime Minister an opportunity to intervene, which he did, by expressing great sympathy with the object aimed at by New Zealand, but suggesting that their amendment was somewhat for recognition. Mr. King, therefore, moved an amendment to the amendment to the general effect that the countries to be involved in a decision of the Security Council should be associated with the Council for that purpose. He then made the speech which he had prepared to deliver in support of the Canadian amendment, described in my UNC-6 of May 4th.'

4. The Committee then adjourned, and is to meet again at 10:30 tomorrow morning. Upwards of nine or ten members have already signified their intention of speaking to these two amendments, so that we are probably in for a two or three-day debate.

5. The issue has at last been joined. Ends.

**463.** DEA/7-Vs

*Déclaration du Premier ministre*

*Statement by Prime Minister*

[San Francisco,] May 10, 1945

STATEMENT MADE BY PRIME MINISTER IN COMMITTEE ON ENFORCEMENT ARRANGEMENTS ON MAY 10TH, 1945

The Canadian Delegation has proposed one amendment to this chapter, the addition after para. 7 of a new paragraph reading as follows:

"Any member of The United Nations not represented on the Security Council shall be invited to send a representative to sit as a member at any meeting of the Security Council which is discussing under paragraph 4 above the use of the forces which it has undertaken to make available to the Security Council in accordance with the special agreement or agreements provided for in paragraph 5 above."

The purpose of this amendment is clear — to provide that there shall be effective consultation between the Security Council and a member state not represented on the Council before that member state is called upon to despatch outside its own territories forces which it has undertaken to make available under the military agreements contemplated in paragraph 5. It seems certain

that consultation would, in fact, have to take place, and we feel that a requirement of consultation should be included in the Charter itself.

The powers which the proposals would vest in the Security Council to call upon all members to join in the imposition of sanctions — military, economic and diplomatic — raise especially difficult problems for secondary countries with wide international interests. It is likely that if sanctions have to be imposed against an aggressor, the active collaboration of some states not on the Security Council will be needed. Let me contrast the position in this respect of the great powers on the one hand and of the secondary countries with world-wide interests on the other. Each Great Power is assured not only of full participation in the consideration of the dispute from the beginning, but it can itself prevent any decision to impose sanctions, even if it be in a minority of one in the Security Council. All the other members of the Organization are asked to obligate themselves in the Charter to carry out any decision of the Security Council, including decisions which might require them to send into action the forces which they are all expected to place at the Council's disposal, as well as decisions which might gravely disrupt their economic life. The council could call upon any member to do these things, and there is no assurance that the member would be consulted rather than ordered to take action. I feel sure that whenever a particular member was desired to take serious enforcement action, consultation would be a practical necessity. Therefore, the amendment which the Canadian Delegation has proposed would not delay action, since it would only incorporate in the Charter itself a step towards action which would probably have to be taken in any event. Unless this need for consultation is recognized in some manner in the Charter, the process of securing public support for the ratification of the Charter will be made considerably more difficult in a number of countries other than the Great Powers.

This matter is obviously closely related to the contents of the military agreements which all member states would be expected to conclude as soon as possible. I should like to ask whether any state not assured of a seat on the Security Council could reasonably be expected to place at the Council's disposal a substantial contingent of its armed forces unless it knows that it will have some say in the use to which these forces are put. It is likely, indeed, that the adoption of the amendment which I have proposed will tend to increase considerably the forces made available for military sanctions by countries other than the Great Powers. I regard this amendment, therefore, as strengthening the authority of the Council by giving it a larger assured backing. I need scarcely say that no suggestion from the Canadian delegation is intended to imply any action which would lessen the contribution which Canada or any other country similarly situated would be expected to make under any of the provisions of the Charter.

The position of the great powers in this connection is thoroughly protected by the voting formula included in Chapter VI C. They reserve the right of individual judgment on all questions involving the imposition of sanctions. Is it unreasonable to assume that other states should have their position protected at least to the modest degree of being brought in some manner into consultation

before they are called upon by the Security Council to take action which might have very grave consequences? We all wish the Security Council to be strong and effective. I believe that its strength and its effectiveness can be increased if an effort is made to look at the proposals from the point of view of the smaller countries and especially of those which have fought and suffered.

Canada is one, but by no means the only one, of the countries to which the considerations I have mentioned apply particularly. Canadian international interests are world wide. Although Canada is geographically removed from the places of origin of this war and of the last, nevertheless Canada has been involved from beginning to end in both these great wars and has been a belligerent in them for almost exactly ten years out of the last thirty years. I am not going to talk about the Canadian war record beyond saying that I think it is widely recognized that Canada has been an effective member of the two great alliances which have been built up in our life time to resist German attempts at general domination.

What I ask, therefore, is no more than that my own country should be associated in some effective manner in the framing of decisions by the Security Council when such decisions would impose a heavy burden upon it. Obviously, there are various ways in which this process of consultation might be achieved. The Canadian amendment suggests one method of consultation to be employed when countries not on the Security Council contribute forces in connection with the application of military sanctions. This is connected with another Canadian amendment to Chapter VI which will be considered by a different technical committee. The purpose of the other amendment is to change the existing paragraphs 4 and 5 of Chapter VI D so as to provide that members not on the Security Council should have the right to sit as temporary members when matters specially affecting their interests are under consideration, and should be given the right to vote.

I think myself that it might be advisable to write into the Charter several alternative methods which could be employed in order to permit the participation of members not represented on the Council in decisions of the Council which directly affect them.

In closing I should like to raise a general question which, it seems to me, has a bearing on all the discussions in this Committee. Against what states would it be likely that Security Council could take enforcement action under this Chapter? Not against the Great Powers, since they are protected by their individual veto on Council decisions. Perhaps not against Germany and Japan, since the final paragraph of the Proposals seems to provide a means whereby a special system of sanctions against enemy states can be established in the event of their violation of the peace settlement. Is it correct to assume that what is really before this Committee is the creation of an enforcement procedure which can only be employed against smaller states? I suggest that as much light as possible should be thrown on these matters in the course of our discussions.

**464.** DEA/7-Vs

*Mémorandum du conseiller principal,*
*la délégation à la Conférence des Nations Unies,*
*au Premier ministre*

*Memorandum from Senior Adviser,*
*Delegation to United Nations Conference,*
*to Prime Minister*

San Francisco, May 11, 1945

MEMORANDUM FOR THE PRIME MINISTER

It seems likely from this afternoon's meeting in Field Marshal Smuts' room that there are three points which will be pressed at the discussion with Mr. Eden this evening. These are (1) the association in decisions of the Security Council of members required to take active enforcement measures; (2) the question of domestic jurisdiction; and (3) the process of amendment of the Charter.

On the first point we do not know whether the great powers are ready to make any concession to meet the views expressed in the Committee. I rather think that they must be consulting among themselves on this since both Cadogan and the Russian made no reply to your speech. They may emerge with an offer like the Smuts' formula of participation without right to vote. While the particular issue of voting rights has not been debated in the Committee, we have from the first favoured temporary membership of the Council in such circumstances and have committed ourselves by the amendments which we have proposed to cover the point.

I am not much impressed by Smuts' argument that our amendment would require an alteration in the Yalta voting formula. It does not infringe in any way on the voting rights of the great powers and merely substitutes a proportion of votes for a fixed number as being requisite for a decision of the Council. I think the Yalta formula will have to be altered in this respect since it is not easily operable in event of absentees or abstentions from voting. Abstentions were very frequent in the League Council and I recall one meeting at which I was present at which a motion was carried by three votes with eight abstaining. A proportion of votes cast is a much more workable arrangement.

On the question of domestic jurisdiction, what is proposed by the four powers is that a seventh principle should be added to Chapter II, saying that nothing contained in the Charter authorizes the Organization to intervene in matters essentially within the domestic jurisdiction of the state concerned; "but this principle shall not prejudice the application of Chapter VIII B." In my own view the fears expressed by Fraser, Forde[90] and Smuts are not well founded as I do not see how a dispute over immigration policy could come before the Organization under this proposal unless it had reached the proportions of

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[90]Frank Forde, vice-premier ministre et chef de la délégation australienne.
Frank Forde, Deputy Prime Minister and Head of Delegation of Australia.

leading to the verge of war. In that event it is not a domestic dispute but an international dispute which the Council should be able to deal with as threatening the peace of the world. I should not think that we would have any serious trouble in Canada over Parliamentary acceptance of the language proposed. A number of countries are anxious for its inclusion so as to provide for the possibility of action before hostilities broke out in the event of aggressive preparations of the Nazi type carried on under the umbrella of "domestic jurisdiction".

On the question of the process of amendment, I believe that we shall not succeed in getting any departure from the requirement that the permanent members of the Council must all ratify amendments before they come into effect. I think that both the Americans and the Russians would strongly oppose any change although I should like to see them forced into the open. I believe that the best we can do is to aim at something like our own amendment which would necessitate the holding of a constitutional conference to revise the Charter after a period of ten years. As this is a matter on which Smuts feels very strongly, he might well be allowed to make the running if he is willing to do so. Undoubtedly it would be helpful in securing Parliamentary approval if something were added to the Charter which could be pointed to as showing that there was a real prospect of the removal of debatable provisions without great difficulty or long delay.

[H. H. Wrong]

**465.** DEA/7-Vs

*Le conseiller principal, la délégation à la Conférence des Nations Unies, au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Senior Adviser, Delegation to United Nations Conference, to Acting Secretary of State for External Affairs*

San Francisco, May 13, 1945

Dear Mr. Read,

It has not been physically possible to keep the Department properly informed of developments here. Usually about ten of the twelve Technical Committees of the Conference meet each day with the final batch of three sitting, as someone put it, from 8:30 p.m. until unconditional surrender. In addition, there are a good many sub-committees and meetings of the various controlling committees. We are represented on all three of these latter, the Steering Committee, the Executive Committee and the Coordination Committee. What time one has between attending meetings and preparing for them is given up to ensuring reasonable liasion inside the delegation and a good deal of inter-delegation contact.

The delegation has really shaped very well. There have been no serious rifts among the delegates and the group of advisers are working together harmoniously. The delegates, however, begin to depart tomorrow when the Prime Minister leaves, as you know. Mr. St. Laurent follows the next day and

Mr. Coldwell and Mrs. Casselman later in the week. Senators King and Moraud and Mr. Graydon will stay somewhat longer, although I am not sure how long the last two will stay on.

As to the probable duration, this is still anyone's guess. At long last most of the committees are beginning to get down to the substance of the matters before them after tremendous discussions on matters of procedure which were quite unnecessarily prolonged because of the inexperience of most of the chairmen and many of the Secretariat. There is a great deal of work to be done and an enormous mass of amendments to get through so that I should think myself that we should be lucky if we can wind the show up in three weeks. Walter Lippmann remarked to me yesterday that he was leaving San Francisco at once but that he would come back in mid-August to see how we were getting on.

You know a good deal about the supposedly private meetings from the copious reports about them which appear in the press. As usual, Messrs. Reston and Crider get the story pretty straight in the New York *Times*.

The Prime Minister made a statement on the relationship to the Security Council of members represented on it on May 10th. This had been prepared and considered by the whole delegation for use in moving the amendment which we had proposed but the whole subject was opened up that day by Mr. Berendsen of New Zealand and the Prime Minister thought it wise to follow on while a general motion was under discussion. I enclose two copies of his statement. The debate is expected to continue tomorrow and perhaps the next day centering mainly round the amendment which he moved to the New Zealand motion. I think that we shall be defeated at this stage if the matter comes to a vote but may secure nearly the requisite two-thirds majority.

There has not been much Commonwealth consultation. I find among my papers a note I sent the Prime Minister after attending with him a discussion which Field Marshal Smuts had proposed between the chairmen of the Dominion Delegations. We had a discussion later the same evening with the United Kingdom delegates on the points mentioned in this note but I do not think we advanced far towards a solution. The heads of the Dominion Delegations are all naturally thinking in terms of the difficulties of securing the approval of their Parliaments.

The next two weeks are likely to be a very strenuous round of meetings. I do not seem to find time to write you except after dinner on Sunday evening and even then only once a fortnight.

Yours sincerely,

H. H. WRONG

**466.** DEA/7-Vs

*Mémorandum du secrétaire,*
*la délégation à la Conférence des Nations Unies*[91]

*Memorandum by Secretary,*
*Delegation to to United Nations Conference*[91]

[San Francisco,] May 14, 1945

1. A meeting of the delegates and advisors was held at 9:30 to consider a number of questions of policy that might arise during the following week on which decisions by the Prime Minister would be desirable prior to his departure. Discussion was based upon the attached memoranda which had been drawn up to present the particular points of substance that might arise in the various Committees.

2. COMMITTEE I-1

GENERAL PROVISIONS

With regard to this, the Prime Minister mentioned that in any general clause concerning human rights, it would be necessary to bear in mind the related clause about no intervention in matters of domestic jurisdiction. He felt that, so far as Canada was concerned, the Provinces would be very anxious to be sure that there would be no possibility of intervention in matters such as education which fell within their jurisdiction.

Approval was given to the proposal that we should support the Great Power amendments in regard to human rights and domestic jurisdiction. There was also agreement that in connection with the New Zealand Amendment concerning a guarantee against aggression and in support of the territorial integrity of members,[92] it would be desirable for us to give support to the general proposition as a guiding principle which could be backed up by the authority and powers of the Security Council. On the other hand, it was agreed that it would be undesirable to give support to a sweeping guarantee.

3. COMMITTEE I-2

PREAMBLE, ETC.

With regard to membership in the organization, it was felt that Canada should in general support divisions of members "that tended toward the principle of universality." Mr. St. Laurent said that the sub-committee report

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[91]R. G. Robertson.

[92]Voir Nations Unies, *Documents de la Conférence des Nations Unies sur l'Organisation internationale, San Francisco, 1945*, Volume IV, Londres et New York, United Nations Information Organizations, 1945, pp. 679-80.
See United Nations, *Documents of the United Nations Conference on International Organization, San Francisco, 1945*, Volume III, London and New York, United Nations Information Organizations, 1945, p. 488.

on membership was likely to favour inclusion of all peace-loving states which are able and willing to carry out the obligations of the Charter.

With regard to the principal organs of The United Nations, it was agreed that if it came to a vote, we should support the listing of the Economic and Social Council as a principal organ. With regard to the procedure for amendment, it was felt that a proposal providing for the possibility of withdrawal after sessions of a conference held for the purpose of revising the Charter might be open to improper construction. It might make it appear that such a Conference, as we had proposed, would be a "Withdrawing Conference" rather than a "Revising Conference." It was agreed that the Canadian Delegation should not take any leadership with regard to a withdrawal clause. It was felt that Field Marshal Smuts might take the lead in attacking the present amendment provisions and, if so, it would not be necessary for Canada to take any active initiative.

4. COMMITTEE II-2

POLITICAL AND SECURITY FUNCTIONS OF THE ASSEMBLY

Approval was given to the suggestions set forth in the attached memorandum.

5. COMMITTEE II-3

INTERIM COMMISSION ON ECONOMIC AND SOCIAL PROBLEMS

Approval was given to the suggestion that Canada should introduce or support a proposal for the establishment of an Interim Commission along the lines suggested.

6. COMMITTEE II-4

TRUSTEESHIP

The meeting was of the view that it would be desirable to have the ultimate objective of independence for dependent peoples set out at some point in the Charter — perhaps in the statement of general problems with regard to human rights. The Prime Minister thought that it should be put in as a general objective but not necessarily in closely restrictive terms.

7. COMMITTEE III-1

SECURITY COUNCIL

General approval was given to the views set forth in the attached memorandum concerning this Committee.

8. COMMITTEE III-3-3

ENFORCEMENT ARRANGEMENTS

In general the meeting was of the view that the main thing was to ensure that the Canadian Government should have an opportunity of being consulted

before any decision was reached to call upon Canadian Forces for enforcement action. It was agreed that we should not press for any general voting authority for any members called into the Council for discussion in such case but should consider our efforts on ensuring the right of voting on the specific question of use of a country's own Forces.

9. It was not possible to complete the examination of the other memoranda but the Prime Minister stated that he felt that the general views set forth in them were on the whole desirable as a guide in connection with points that might arise.

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Mémorandum du conseiller spécial, la délégation à la Conférence des Nations Unies*[93]

*Memorandum by Special Adviser, Delegation to United Nations Conference*[93]

[San Francisco,] May 13, 1945

COMMISSION I, COMMITTEE 1

PREAMBLES, PURPOSES AND PRINCIPLES OF THE ORGANIZATION

This committee has made little progress so far and has served principally to give delegates an opportunity to make speeches of a very general character. Several important questions will, however, be bound to come up sooner or later for decision.

1. The four sponsoring powers have now proposed an amendment to strengthen paragraph 3 of Chapter I by providing for "the promotion and encouragement of respect for human rights and fundamental freedoms for all, without distinction as to race, language, religion or sex." But at the same time, they have introduced a further amendment, as follows: "Nothing contained in this Charter shall authorize the Organization to intervene in matters which are essentially within the domestic jurisdiction of the state concerned or shall require the members to submit such matters to settlement under this Charter, but this principle shall not prejudice the application of Chapter VIII, Section B."

The proposed amendment regarding domestic jurisdiction may be opposed in the committee, on the ground that it weakens, or even nullifies, the other principal amendment of the sponsoring powers by excluding many questions affecting human rights from the jurisdiction of the Organization. This argument has already been advanced by the World Jewish Congress in so far as it affects the position of the Jews. On the other hand, the exclusion of matters falling within the domestic jurisdiction of states will have substantial support perhaps in particular from Australia and New Zealand, who are anxious lest their immigration laws should be brought within the purview of the

[93]C. S. A. Ritchie.

Organization. On the whole, therefore, the amendment of the sponsoring powers seems to represent a compromise which the Canadian Delegation might appropriately support. We have ourselves no amendments to propose to chapters I and II.

Alternatively, it may be suggested that Chapter I should be merged with a preamble based on Field Marshal Smut's draft.[94] This might be the most satisfactory solution, as the chapter, in any event, consists rather of aspirations than of precise obligations.

2. The Mexican, New Zealand and certain other governments are proposing amendments to the effect that there should be introduced into the purposes of the Organization a guarantee as against external aggression on the territorial integrity and political independence of every member of the Organization. Presumably the Canadian Delegation would be opposed to a sweeping guarantee of this kind. The Australian amendment might afford a satisfactory compromise. It states as an amendment to paragraph (4), Chapter (2) "all members of The United Nations shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any member or state or in any other manner inconsistent with the purposes of The United Nations." If this amendment can be understood as simply affirming the general principle which should guide the conduct of states and not as a guarantee of territorial integrity and independence it might afford a satisfactory compromise which the Canadian Delegation could support.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du conseiller principal, la délégation à la Conférence des Nations Unies*[95]

*Memorandum by Senior Adviser, Delegation to United Nations Conference*[95]

[San Francisco,] May 13, 1945

COMMISSION I, COMMITTEE 2

QUESTIONS OF POLICY RELATIVE TO MEMBERSHIP AND PRINCIPAL ORGANS OF THE ORGANIZATION, AMENDMENT AND REVISION OF THE CHARTER

1. *Membership.* Chapter III now provides that "membership in the Organization should be open to all peace-loving states." A number of amendments have been moved, the general effect of which is to delete the words "peace loving" and to state that membership should be open to all states which are willing to undertake the obligations of membership. This has led to a debate between the majority of delegations who are in favour of the principle of universality and several of the delegations from European countries who are

[94]Voir Nations Unies, *Documents*, pp. 667-8.
See United Nations, *Documents*, pp. 476-7.
[95]L. W[ilgress].

in favour of supplanting the qualification "peace loving" with one more explicit and equally or even more restrictive. The suggestion has been made that the consistent policy of neutrality should disqualify a state from membership, e.g., Switzerland.

*Recommendation.* It is assumed that the Canadian Delegation should support the principle of universality and consequently membership in the Organization of all states willing to accept its obligations.

2. *Principal Organs.* Chapter IV lists the principal organs of the Organization. Here the main question of policy is the inclusion of the Economic and Social Council among the principal organs. The Big Powers appear disinclined to agree on the grounds that the Economic and Social Council is derived from the Assembly. The neatest way of avoiding controversy would be to delete the chapter altogether, but this too may be opposed. Another solution is to list all the initial organs and avoid the classification into "principal organs" and "subsidiary agencies".

*Recommendation.* In view of the great possibilities of the Economic and Social Council for the advancement of human welfare, it is assumed that the Canadian Delegation should support any move designed to enhance the importance of that body. Hence full support should be given to the efforts to avoid the present implication of Chapter IV that the Council is a "subsidiary agency."

3. *Amendment and Revision of the Charter.*

Chapter XI concerning the amendment procedure has not yet been discussed in Technical Committee I/2. Controversy is likely to centre around the provision of the proposals requiring ratification of each amendment adopted by the Assembly by all of the five powers with permanent Council seats. As the Charter will undoubtedly include a number of provisions which will be hard to explain and defend, this extension of the veto of the great powers into the process of amendment is strongly opposed. South Africa, Australia, New Zealand and India, as well as ourselves, have all expressed great concern over its effect on parliamentary discussions. On the other hand, the removal of the right of veto would cause difficulties over ratification in the U.S. Senate and possibly a refusal of the U.S.S.R. to join the Organization.

*Recommendation.* It is, therefore, recommended that the Canadian Delegation should support any reasonable compromise likely to be adopted without endangering the participation of the U.S. and U.S.S.R. We have proposed an amendment requiring a special conference in ten years to revise the Charter without specifying how the results of that conference would be brought into effect. The Four Powers have submitted an amendment suggesting such a conference whenever three-fourths of the Assembly and any seven members of the Council agree to convene it. The difficulty over the veto might be modified if provision were made permitting the withdrawal of a member not prepared to accept the Charter as revised at a conference of this sort. It is recommended that the Canadian Delegation should not support the inclusion of a general right of withdrawal but could support a right of

withdrawal being given after a general revision of the Charter has taken place, if such a proposal receives responsible Commonwealth support.

The Four Powers have also proposed that the Charter should not come into effect until it has been ratified by themselves and France and a majority of other members. This seems to be unduly restrictive, but it may be necessary to accept it.

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Mémorandum du conseiller spécial, la délégation à la Conférence des Nations Unies*[96]

*Memorandum by Special Adviser, Delegation to United Nations Conference*[96]

[San Francisco,] May 13, 1945

COMMISSION 2, COMMITTEE 2

POLITICAL AND SECURITY FUNCTIONS OF THE ASSEMBLY

The responsibility for settling disputes by peaceful means, for imposing settlements, and for using force to restore peace must be placed by the Charter squarely on the shoulders of the Security Council. If the Security Council shoulders its responsibility, the Assembly should not get in its way. If, because of the use of the veto or for some other reason, the Security Council is unable or unwilling to shoulder its responsibility, the Charter should give the Assembly power to take over from the Council as quickly and as effectively as possible the political and security functions of the Council other than the imposition of sanctions.

Ratification by the Assembly should not therefore be required in order to make binding on all members of the Organization a decision by the Security Council to impose diplomatic or economic sanctions.

The provision for expelling members from the Organization could usefully be omitted.

The Assembly, with the concurrence of the Council, should be enabled to suspend from any or all the rights and privileges of membership states which persistently violate the principles of the Charter or are wilfully and persistently in arrears on their financial contributions. Restoration of privileges should require approval by Council and Assembly.

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[96]E. Reid.

[PIÈCE JOINTE 4/ENCLOSURE 4]

*Mémorandum du conseiller spécial, [illegible] délégation à la Conférence des Nations Unies*[97]

*Memorandum by Special Adviser, Delegation to United Nations Conference*[97]

[San Francisco,] May 13, 1945

COMMISSION II, COMMITTEE 3

SUGGESTED INTERIM COMMISSION ON ECONOMIC AND SOCIAL PROBLEMS

It is suggested that the Canadian Delegation be authorized to propose (or to support the proposal of another delegation for) the establishment of an Interim Commission on Economic and Social Problems by this Conference.

At least a year, and possibly longer, will elapse before the Economic and Social Council can begin functioning. Meanwhile the economic problems arising out of the war will grow in intensity and numbers. It would be difficult to set up the interim machinery to handle these problems on an operating basis, but there would be great advantage in interim machinery which could lay the ground-work for an early start on the substantive problems.

The Interim Commission would have no operative responsibilities. Its functions would be:

(a) to prepare a plan for the functioning and organization of the Economic and Social Council to enable it to get started at the earliest possible time. The Commission would study and suggest the kinds of expert committees, the size and character of the staff required, etc.;

(b) to submit to the first session of the General Assembly a report on the economic and social problems which should first be dealt with by the Economic and Social Council. In the preparation of this report it would be necessary for the Interim Commission to study the problems and prepare the way for action;

(c) to negotiate with specialized agencies with a view to preparing draft agreements establishing a relationship with the organization. The negotiation of these agreements will take some time and many months of the time of the Economic and Social Council could be saved in this way;

(d) to facilitate the transfer to the new Economic and Social Council of functions now the responsibility of the corresponding agencies of the League of Nations.

Another advantage would be that the Interim Commission would have to assemble a staff which could form the nucleus for the larger staff of the Economic and Social Council.

Finally there would be great psychological advantages in having a functioning commission created out of this Conference to work on practical and urgent problems while the process of ratification of the Charter is going on.

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[97]L. Rasminsky.

The question of finance could be solved by having each member agree to contribute in accordance with a specified percentage. The sum involved would be small.

The procedure suggested here is parallel to that followed in the case of the Interim Commission on Food and Agriculture.

[PIÈCE JOINTE 5/ENCLOSURE 5]

*Mémorandum du conseiller principal, la délégation à la Conférence des Nations Unies*[98]

*Memorandum by Senior Adviser, Delegation to United Nations Conference*[98]

[San Francisco,] May 13, 1945

COMMISSION II, COMMITTEE 4
TRUSTEESHIP QUESTIONS

1. In so far as this Conference is concerned the principal job is to work out an acceptable accommodation between positions already taken up publicly by the United Kingdom and the United States. Any agreement they can come to between themselves — either on points of substance or future procedure should be endorsed by the Canadian delegation — this regardless of the attitude Australia and New Zealand may adopt.

2. In particular, I think we might support the United Kingdom suggestion that the Trusteeship Council should be composed — half of trustee states — half of states chosen by the Assembly. I see no reason why states with permanent seats on the Security Council — but no direct colonial responsibilities should stand in a different relationship to the Trustee Council from other members of the organization.

3. If issue is joined publicly between the United States and United Kingdom on the question of "non-discrimination" commercial, economic etc. in trusteeship areas, we should take no part. In principle we are prepared to forego such special advantages as we now receive from "discriminatory" or preferential regimes in certain colonial or mandatory areas administered by Commonwealth countries but I do not think we should take part in a move to force the United Kingdom from a position it has taken up publicly and to which it apparently attaches a certain prestige value.

4. It is to be hoped that adoption of a United States-United Kingdom compromise will head off division on the Trusteeship Amendments put down by the Russians and Chinese. If these questions of ultimate goals do come up — I should think we would be well advised to oppose the inclusion in the Charter of language of uncertain application which might only have the effect of bedevilling more modest and practicable projects for improving the position of dependent peoples.

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[98]N. A. Robertson.

[PIÈCE JOINTE 6/ENCLOSURE 6]

*Mémorandum du conseiller principal, la délégation à la Conférence des Nations Unies*[99]

*Memorandum by Senior Adviser, Delegation to United Nations Conference*[99]

[San Francisco,] May 13, 1945

COMMISSION II, COMMITTEE 1

THE SECURITY COUNCIL — COMPOSITION, POWERS AND PROCEDURES

(1) If our amendments for association of non-members with the Security Council are defeated, should we re-open the question of membership on the Council and seek to enlarge it to fifteen?

My own view is that we should *not*.

(2) What should our attitude be to a permanent seat on the Council for a Latin-American state?

This is likely to receive solid Latin-American support. I think we should oppose it, but should not lead the opposition forces. We should be particularly careful to avoid offending Brazil, which has been very friendly to us at this and other conferences and which might legitimately expect to be the Latin-American permanent member if one were chosen.

Opposition to the proposal should be based on the principle that another permanent member would mean that a majority of the members of the Council had veto powers and that public opinion in our country simply would not accept a Latin-American state with a veto power when Canada had none.

(3) Shall we amend our "due regard" clause in order to place squarely on the Assembly the duty of establishing rules for the application of the principle now agreed on and embodied in the Big Four amendment?

I think we should do this, and in supporting the proposal we might indicate certain rules, both for eligibility and ineligibility, which the Assembly might wish to adopt. For the above purpose, we would have to move an amendment for the insertion of a new sentence to the effect that "The General Assembly shall adopt rules to ensure that the above principles of election are followed."

In any debate on this amendment we should emphasize the correctness of the interpretation given already by Sir Alexander Cadogan that, in the Big Four amendment,[100] the words "specially" and "in the first instance" definitely establish a priority for the first functional criterion of election laid down. We should resist any effort to put the second criterion, geographical distribution, on the same basis as the first.

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[99]L. B. Pearson

[100]Voir Nations Unies, *Documents*, pp. 889-10.
See United Nations, *Documents*, pp. 623-4.

(4) In Section B, paragraph 4, all members of the Organization are obligated to accept decisions of the Security Council and to carry them out in accordance with the provisions of the Charter.

Should we not take advantage of the discussion on this paragraph to emphasize our position that non-members of the Council cannot accept without qualification general and unlimited obligations of the kind indicated and that therefore the words "in accordance with the provisions of the Charter" become of especial importance? One of those provisions is VIII-B-5, which provides that armed forces, facilities and assistance are to be made available to the Organization by members, through agreements to be concluded by them. If such agreements are *not* concluded, is there any provision of the Charter by which non-members are specifically obligated to carry out the decisions of the Council which impose active obligations on them? Furthermore, if conditions limiting such obligations can be attached to these special agreements, this should be made clear. The nature and extent of such conditions would, in our case, doubtless depend on action taken by this Conference in respect of the amendments we have put forward.

(5) *Section C, Voting Procedure.*

Under this, the question of the Great Power veto will come up, as amendments from Australia and elsewhere propose a majority decision rather than unanimity among the permanent members.

I think we should support any reasonable move to limit the veto strictly to the actual application of sanctions, but that we should not press this position to a vote in the face of strong Big Four opposition. What should we do, however, if a vote is forced by others?

*Section C, 2 and 3.*

The requirement of an affirmative vote of a fixed number, 7, will cause difficulties. Apart from the fact that our amendment on "association of non-members" will require a fractional majority, this would be preferable on other grounds.

Under the present system, abstention, even of non-permanent members, is equivalent to a negative vote.

Would it not be better merely to say that "Decisions of the Security Council should be made by an affirmative vote of at least two-thirds of the members present and voting?"

(6) *Section D, 4.*

Our amendment provides that a non-member of the Organization is placed on exactly the same footing as a member of the Organization in the case of disputes to which it is a party. This might mean that an ex-enemy state would be given a deciding vote on a Council decision. Should we not modify this position, by altering our amendment so that voting rights would be restricted to members of the Organization?

[PIÈCE JOINTE 7/ENCLOSURE 7]

*Mémorandum du secrétaire,*
*la délégation à la Conférence des Nations Unies*[101]

*Memorandum by Secretary,*
*Delegation to United Nations Conference*[101]

[San Francisco,] [May 13, 1945?]

COMMISSION IV — COMMITTEE 2 — LEGAL PROBLEMS

1. *Registration of Treaties*

There has been general agreement that all future treaties of members should be subject to registration and should be deemed to be not binding unless registered. With regard to treaties heretofore entered into, it is probable that the final decision may be in favour of optional registration.

One problem that may arise is whether agreement between members of the Commonwealth should be subject to registration. The matter has not been raised specifically. If it is brought up, it is suggested that we should take the position that the clauses of the Charter apply to all members of The United Nations without distinction and that, accordingly, a general clause requiring registration covers agreements within the Commonwealth just as it does other agreements entered into by or between other members.

2. *Treaties and Obligations inconsistent with the Charter*

There has been general agreement in the Committee in favour of the insertion of a clause in the Charter to abrogate all existing obligations of members *inter se* which are inconsistent with the Charter, and providing that no member shall in future undertake any obligation inconsistent with the Charter. Some difference of opinion has arisen as to whether the Charter should abrogate existing inconsistent agreements other than those between members of the Organization (that is, between a member and a non-member state) or whether it should simply require members to negotiate for release from inconsistent obligations.

It is probable that a simple clause requiring abrogation is too sweeping. It might be desirable for us to suggest that a distinction be provided as follows:

(a) Agreements between members should be abrogated, and agreements between members and non-members should be re-negotiated, if they are inconsistent with the principles or objectives of, or with any clause in, the Charter of The United Nations.

(b) In the case of agreements which are not necessarily inconsistent with the Charter, but which give rise to an obligation that may, on occasion, conflict with an obligation under the Charter, the obligation arising out of the Charter shall prevail. Thus, a "most-favoured-nation" agreement might conflict with an obligation to apply economic sanctions. The agreement would not have to be

[101]R. G. Robertson.

abrogated immediately as being inconsistent with the Charter, but there would be a clear recognition that, if economic sanctions were called for, the obligation to impose them would take precedence over the obligation to grant most-favoured-nation treatment.

### 3. *Capacity to carry out obligations*

One proposed amendment that requires consideration by the Canadian delegation is that proposed by Belgium as a new clause in the Charter. It is as follows:

"No state can evade the authority of international law or the obligations of the present Charter by invoking the provisions of its internal law."

The Belgians have agreed to the deletion of the words referring to "international law" on the ground that there is too great doubt and uncertainty as to the extent and nature of many of the obligations arising out of international law. However, they wish to have the second portion retained.

In view of the Privy Council decision in the "Labour Conventions Case,"[102] it is probable that an amendment to the B.N.A. Act [would] be required to enable us to meet such an obligation. Section 1 of the B.N.A. Act reads as follows:

"The Parliament and Government of Canada shall have all Powers necessary or proper for performing the Obligations of Canada or of any Province thereof, as Part of the British Empire, towards Foreign Countries arising under Treaties between the Empire and such Foreign Countries."

To be sure that Canada will be able to meet all obligations arising under the Charter the above Section should probably be amended to bring it into line with the constitutional development that has taken place in the Commonwealth as a result of which treaties are no longer those of "the Empire" as such. This could be done by altering it to read:

"132. The Parliament and Government of Canada shall have all Powers necessary or proper for the performing of the obligations of Canada arising under Treaties or Agreements with foreign countries."

If Canada were to agree to the Charter with the inclusion of the Belgian clause, a possible subsequent procedure might be to include in the resolution of approval for submission to the House of Commons and the Senate a revised Section 132 to enable Canada to meet the full Charter obligations. Passage of the resolution with this included would, it seems, then authorize the submission of the necessary amendment.

The immediate alternative course in Committee would be to oppose the insertion of a clause specifically designed to ensure that the Charter can be carried out in all its aspects. It will be difficult to argue successfully for this course without impugning the sincere desire of Canada to see an effective Organization brought into existence.

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[102] Voir Canada/See Canada,
C. P. Plaxton, ed., *Canadian Constitutional Decisions of the Judicial Committee of the Privy Council 1930-1939*. Ottawa, King's Printer, 1939, pp. 278-304.

In considering the present problem it is desirable to consider that, if The United Nations succeeds, it is likely to give rise to a number of Conventions which will involve obligations upon Canada. While the present constitutional position continues it will inevitably involve the danger of our incapacity to meet obligations that are considered desirable in the international field.

**467.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-179 San Francisco, May 16, 1945

SECRET. UNC-10 Chief of Staff from Pope, Begins:

1. Reference UNC 8[103] and 9.[†] Committee 111/3 met again yesterday afternoon. Debate was continued on New Zealand motion and our amendment thereto, at conclusion of which Wrong got up and said that as both motion and amendment were of a general nature only, and that our specific amendments would in any case have later to be discussed and voted on, he would now withdraw our amendment. New Zealand likewise withdrew her motion.

2. Russia then moved that the question of the Canadian amendment be referred to the Sub-Committee in the hope that a formula reconciling the Canadian view and that of the Great Powers could be unanimously agreed upon. This was supported by United States, Belgium, Holland, and others, and was carried by a vote of thirty-two in favour and nil against.

3. As our amendment under this head is of essential importance to us, this development is at least gratifying. Ends.

**468.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Under-Secretary of State for External Affairs to*
*Acting Secretary of State for External Affairs*

TELEGRAM H-197 San Francisco, May 18, 1945

At Delegation meeting this morning, the trusteeship proposal supported by the United States and the United Kingdom setting "self-Government" as one of the objectives in the administration of dependent peoples, was considered. Amendment proposed by China and supported by the U.S.S.R. would insert "independence" as an alternative objective. Opposition to this Chinese and Soviet amendment gives the U.S.S.R. a chance to appear as champion of dependent peoples. On balance it was felt that we should support the agreed

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[103]Document 462.

United States-United Kingdom text if they were unable to accept proposed amendment.

There is some indication that United States would not be opposed to eliminating the veto from Chapter VIII — A — peaceful settlement. It will not, however, introduce such a proposal. It was agreed that if a proposal of this type is brought in, we should support it unless it appears the U.S.S.R. would not accept Charter with elimination of this part of veto.

Our amendment requiring Assembly to adopt rule governing selection of non permanent members of Security Council was defeated in Committee on Wednesday. Ten of the votes in support were principally from Latin American Delegation. United Kingdom, U.S.S.R. and the United States all opposed. Substance of our Middle Power amendment has, as you know, been approved.

In Committee on Economic and Social Council, proposal for special mention of I.L.O. was withdrawn. The opposition of the United States and the U.S.S.R. was strong.

Our redraft of Chapter IX was modified in Committee by insertion on Fraser's motion of "full employment" as an objective of Economic and Social Council. We suggested preferable formula as being "highest possible level of stable employment." The U.S.S.R. strongly favoured words adopted.

Commission IV meets in public tomorrow morning to receive a report from Committee 1 regarding International Court. Decision has been taken in favour of a new Court rather than retaining the old one.

I shall try to send you a daily telegram about the important question under discussion in Conference and in Delegation meetings.

**469.** DEA/8-PW-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Acting Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM D-214 Ottawa, May 18, 1945

Following for Secretary to the Canadian Delegation, from Read, Begins: The Chief of the Narcotic Division, Department of National Health and Welfare, has received informal communications from Washington with regard to the drafting of provisions of Chapter 5, and possibly other provisions.

It seems that there is some doubt as to whether the existing provisions are broad enough to enable the General Assembly, and possibly the Social and Economic Council, to deal with opium and other narcotic problems.

Mr. Morlock of the State Department is arranging for the United States Delegation to insure that there is a definite statement on the record, mentioning opium as being included within "other related problems" (or possibly other general language).

Colonel Sharman hopes that you will give consideration to this matter, with a view to supporting United States delegation and insuring that the language used is broad enough to include opium and other narcotics.

**470.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-203 San Francisco, May 19, 1945

Executive Committee yesterday discussed proposals to expedite the work of the Conference. Termination of Committee work by the end of next week has been suggested and target date of June 2nd for final plenary session. The Secretary General privately suggested June 9th as a more probable date. Intention is to have the Conference end with 3 documents — the Charter, Statute of Court and resolution for the establishment of an Interim Commission to begin preparatory work.

U.S.S.R. has taken strong line against elimination of veto in Chapter VIII A. First paragraph of VIII A has been referred to a Sub-Committee. The impression is that Gromyko is under instructions not to yield further on veto.

U.S.S.R. is opposing our provision for association with the Security Council in enforcement of decisions involving troops of a non-member country. Privately, Novikov stated that they would not object to it for Canada but oppose generalisation.

Provision has been approved for suspension of voting rights for States financially delinquent.

Commission IV this morning was purely formal. No decisions.

**471.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-220 San Francisco, May 23, 1945

CONFIDENTIAL. United States have proposed that Committee reconsider text of purposes for Economic and Social Council which was adopted last week. Their primary purpose is to lessen present emphasis on "full employment." In delegation meeting this morning it was felt that while present wording was loose, an attempt to amend it might lead to serious public misunderstanding and would be exploited by the U.S.S.R. and by Doctor Evatt. No support was given United States motion in Committee and it is hoped that they will not press it to a vote.

2. Our amendment regarding association with the Security Council before providing forces has not yet been reported from Sub-Committee. Big Five Committee is having difficulty getting Soviet approval, but prospects are good for agreement on revised but satisfactory text.

3. Delegation has been considering the part we should take with regard to the Great Powers amendment providing for four Deputy Secretaries-General who would, in effect, be Great Powers nominees within the Secretariat. Present text requires straight Council majority for election of the Secretary General and makes no mention of Deputy Secretaries-General. Great Powers are anxious to provide for the appointment of Deputy Secretaries-General in the Charter and to require Great Powers unanimity for their nomination. In view of the terms of our own amendment, which is designed to establish independent status of a real international Secretariat, I think we shall have to oppose Great Powers amendment, but shall do so in very moderate language.

**472.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-240 San Francisco, May 27, 1945

The question of the domestic jurisdiction clause in the Charter will be coming up in Committee early next week. In an informal Commonwealth Committee meeting yesterday Evatt and Fraser took a very strong line re the present sponsoring Powers amendment to Chapter II of the Charter on this subject which reads as follows: "Nothing contained in this Charter shall authorise the Organisation to intervene in matters which are essentially within the domestic jurisdiction of the State concerned or shall require the members to submit such matters to settlement under this Charter; but this principle shall not prejudice the application of Chapter VIII, Section B." They both argued that in its present form this amendment was a direct indictment[104] to intervention on the domestic affairs of States. They were agreed that it would have a most disturbing political effect in Australia and New Zealand in relation to the immigration laws and implied they might not be able to secure ratification for the Charter in their respective countries if this question could not be settled to their satisfaction — they were supported by South Africa. The Australian and New Zealand suggestion is that the last phrase in the amendment should be left out so that it would read as follows: "Nothing contained in this Charter shall authorise the Organisation to intervene in matters which are essentially within the domestic jurisdiction of the State concerned or shall require the members to submit such matters to settlement under this Charter." It is arguable that the removal of this phrase would not, in

[104]Note marginale:/Marginal note:
incitement?

matters which are essentially within the domestic jurisdiction of the State concerned or shall require the members to submit such matters to settlement under this Charter." It is arguable that the removal of this phrase would not, in fact, weaken the Security Council's power to deal with any situation whether domestic or international in origin which threatened peace. On the other hand it will be difficult to explain taking these words out of the amendment as they were designed specifically to preserve the powers of the Council under Chapter VIII B to deal with any threat to the peace, whatever its origin.

The United Kingdom Delegation have cabled to London recommending that the Australian and New Zealand suggestion might be accepted in principle subject to drafting changes. They will then have to attempt to reach agreement with the other sponsoring Powers on the altered text of the amendment.

There are indications that the American Delegation is divided on this issue. Their general attitude, as indicated informally, is that they are satisfied that the sponsoring Powers amendment as it stands adequately protects their domestic control of all immigration policies. However, if the question were once made a public issue by Australia and New Zealand, they would inevitably be faced with political difficulties.

It is likely that there will be strong opposition in the Committee to the proposed modification in the sponsoring Powers amendment on the ground that this would further weaken the provisions in the draft Charter for the promotion and encouragement of respect for human rights and fundamental freedoms. If the question comes to a vote, I assume that you would wish the Canadian representative to support any text which could be agreed between the United Kingdom and other Commonwealth countries and the United States.[105]

**473.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au sous-secrétaire d'État aux Affaires extérieures*

*Secretary of State for External Affairs*
*to Under-Secretary of State for External Affairs*

TELEGRAM D-257 Ottawa, May 28, 1945

Following from Prime Minister for Robertson, Begins: Re yours H-240. You are entirely right in assumption set forth in last sentence. Ends.

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[105]Note marginale:/Marginal note:
Agreed by P.M.

**474.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-270 San Francisco, June 3, 1945

(Please repeat in code to Prime Minister). After prolonged discussion between sponsoring Powers a substitute text for the Canadian amendment to Chapter VIII B was adopted unanimously in Committee this afternoon to follow paragraph 5. Text is as follows:

"When a decision to use force has been taken by the Security Council it shall before calling upon any member not represented on it to provide armed forces in fulfilment of its obligations under the preceding paragraph invite such member, if it so request, to send a representative to participate in the decisions of the Security Council concerning the employment of contingents of its armed forces."

It is fully understood that words "participate in the decisions" includes right to vote.

Soviet Delegation would only support this text on condition that we withdraw our other two amendments to Chapter VI D concerning temporary membership in Council. Since there was little possibility of carrying amendment to paragraph 4 of this section, we have agreed to withdraw it. Netherlands Delegation have proposed amendment to paragraph 5 which meets our position and we therefore also withdrew our amendment to this paragraph, after stating that we reserved the right to support the Netherlands amendment.

Committee on Enforcement Arrangements has also been considering transitional arrangements in Chapter XII and there has been strong demand, in which we joined, for clarification of meaning of both paragraphs while accepting desirability of including their substance in the Charter. Through poor tactics of Great Powers in a Sub-Committee where they were in the majority, the original text of paragraph 1 was brought to vote this afternoon in Full Committee without any change and was defeated by 22-9. It was agreed not to vote on second paragraph and to refer whole question to Steering Committee for further consideration. We have throughout taken position that only comparatively minor drafting changes were necessary, but Soviet Delegation has obstinately pressed for adoption of original text. We suggested to Committee that no publicity be given to the discussion in order to avoid appearance of serious dissension when, in fact, difficulties were only about matters of form.

Please inform Chiefs of Staff.

**475.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-300 San Francisco, June 10, 1945

IMMEDIATE. Following for J. E. Read from N. A. Robertson, Begins:

1. Consideration is now being given to the provisions of Chapter XI of the Charter which has to do with the summoning of a Constitutional Conference to discuss revision of the Charter. The original Four Power amendment is as follows:

A general Conference of the members of the United Nations may be held at a date and place to be fixed by a three-fourths vote of the General Assembly with the concurrence of the Security Council voting in accordance with the provisions of Chapter VI Section C paragraph 2, for the purpose of reviewing the Charter. Each member shall have one vote in the Conference. Any alterations of the Charter recommended by a two-thirds vote of the Conference shall take effect when ratified in accordance with their respective constitutional processes by the members of the Organization having permanent membership on the Security Council and by a majority of the other members of the Organization.

2. Since the above amendment was introduced, the sponsoring Powers have accepted a reduction of the General Assembly vote from three-fourths to two-thirds. In addition, a Sub-Committee has recommended that the Constitutional Conference should be called within a period of 5-10 years after the coming into effect of the Charter. The sponsoring Powers are maintaining their stand on ratification which would require assent by all States with permanent membership on the Security Council.

3. The general view of our Delegation has been that a more satisfactory provision would be one providing for the summoning of a Constitutional Conference without including in the Charter any stipulation as to how the Conference would conduct its business or as to how its recommendations for the revision of the Charter would be given effect. I should be glad to know whether you think that such an open provision would, in fact, permit the Constitutional Conference to make its own rules for the coming into force of the amendments which it would have approved or whether the normal amendment procedure established in the Charter would still apply until it had itself been amended in accordance with the procedure stipulated in it. Ends.

**476.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-301 San Francisco, June 10, 1945

IMMEDIATE. Following for Read from N. A. Robertson, Begins:

1. Reference my immediately preceding telegram concerning amendment of the Charter.

2. In view of the possibility of being unable to get any provision for amendment free from the veto, question has arisen as to the desirability of inserting a clause to enable withdrawal from the Organisation at the time of holding a Constitutional Conference in the event that the results of the Conference are unsatisfactory. It is recognized that a withdrawal clause would have undesirable aspects, and we would not wish to introduce such a provision ourselves. However, it may be difficult in many countries to secure acceptance of a commitment to permanent membership in an Organisation with the defects seen in the present Charter and without a liberal provision for change in future.

3. In connection with withdrawal, a special Sub-Committee of Committee I/2 recommended as follows on May 23rd:

"The Commission adopts the opinion of the inviting Powers that the facility of withdrawal of the members should neither be provided for nor regulated. Should the Organisation fulfil its functions in the spirit of the Charter, it would be inadmissible that its authority could be weakened by some members deserting the ideal which inspired them when they signed the Charter, or even mocked by aggressor or would-be aggressor States.

It is obvious, however, that withdrawal or some other form of dissolution of the Organisation would become inevitable if, deceiving the hopes of humanity, the Organisation was revealed to be unable to maintain peace or could do so only at the expense of law and justice. On account of this risk, inherent to all human enterprises, the Committee abstains from inserting in the Charter a formal clause forbidding withdrawals."

The above would appear to constitute an opinion that, without a specific clause, there would be no withdrawal except under *rebus sic stantibus*.

4. It has now been suggested informally by the United Kingdom delegation that no withdrawal provision is necessary, since there is an implicit right of withdrawal not only at the time of, or after, a Constitutional Conference but at any time in the future. This seems to be at variance with the above. It would appear to me that in a multilateral agreement of indeterminate duration withdrawal could only be on the basis of consent of the participating parties or in the light of the doctrine of *rebus sic stantibus*.

I should appreciate having your view as soon as possible. Ends.

**477.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-302 San Francisco, June 10, 1945

SECRET. Following for Read from Robertson, Begins: The Italian Government have made application to the President of the Conference for admission to its deliberations, and Stettinius has asked the Secretary General to transmit their application to the participating Governments for their information. It is not yet clear whether, or how, the question of Italian admission will actually come before the Conference. United States Delegation is disposed to support the Italian application but does not wish to move in the matter without some assurance of United Kingdom concurrence, which has not yet been given. They are rather afraid that, if they do not sponsor the Italian application, it may be taken up and supported by the U.S.S.R.

My personal view is that we should support the admission of Italy if the question comes to a vote:

(a) Because it is another step towards universality, which we have always urged should be the objective of the Organization;

(b) Because it would help to redress the conspicuous under-representation of western Europe in the present Conference; and

(c) Because admission of Italy to the United Nations would strengthen the domestic and external position of an anti-Fascist Government which seems genuinely determined to repudiate the sins and errors of its predecessors.

We voted for the admission of Denmark without bothering you for authorization and I feel we can do the same if, and when, the admission of Iceland is considered. The possible entry of Italy, however, raises an important political question, on which it would be helpful to have an indication of the Government's views. Ends.

**478.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-303 San Francisco, June 10, 1945

TOP SECRET. Following for Read from Robertson, Begins: On the resumption of discussion in Committee of the question of voting procedure in the Security Council, Evatt made a very powerful statement of the case against the unanimity rule and the Great Power veto. Senator Connolly and Professor

Webster, who spoke for the United States and the United Kingdom, were no match for Evatt in argument. Webster, in endeavouring to explain how Sir Alexander Cadogan had come to give the Committee an interpretation of the application of the veto to procedures of pacific settlement which was much narrower than that subsequently given in the agreed memorandum issued by the sponsoring Powers and France, got tangled up in a very disagreeable personal exchange with Evatt and Fraser, in the course of which Fraser referred either to Cadogan's action or Webster's explanation of it as "contemptible" and "most dishonest." Senator Connolly, on question of procedure, asked Fraser to withdraw his unparliamentary references to the behaviour of the United Kingdom delegation. All told it was an extraordinary and deplorable exhibition of Commonwealth public manners. Pearson intervened effectively just before the close of the debate, and managed, I think, to put Commonwealth differences in a little better light and perspective from that in which they had been exhibited by the principal protagonists.

Pearson and I are seeing Evatt this evening and will endavour to ascertain just what object he hopes to achieve by the tactics he is pursuing. It seems clear to us that, in this year of grace, there cannot be a World organization established, with Russia a member, unless it provides for voting rights in the Security Council substantially as set forth in the Great Power memorandum which you have seen.[106] The effective choice appears, therefore, to be between such an Organization and an Organization from which the Soviet Union and those countries which feel their security most closely dependent on their relations with it are excluded. Our view is that it is better to take the Organization that we can get and, having come to that decision, to refrain from further efforts to pry apart the difficult unity which the Great Powers have attained. This means foregoing the luxury of making any more perfectionist speeches either on the voting procedure itself or on the general amendment procedure, which is very closely linked with it. We can continue to oppose the Soviet Union and other Great Powers on such essentially secondary questions as the method of election of the Secretary General, nomination of Deputy Secretaries or the omission of "expulsion" from the Charter, but we should not insist on forcing decisions on such central questions as veto and amendment to a vote in which our association with the other middle and smaller Powers might well result in the rejection of the Dumbarton Oaks proposals.

This general line of conduct carries, I think, the judgment of the members of our delegation. We may, however, be called on within the next day or two to translate this general attitude into votes on specific questions. I hope that, with the campaign now over, you may be able to have a word on these questions

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[106]Voir Nations Unies, *Documents de la Conférence des Nations Unies sur l'Organisation internationale, San Francisco, 1945*, volume XI, Londres et New York, United Nations Information Organizations, 1945, pp. 754-7.
See United Nations, *Documents of the United Nations Conference on International Organization, San Francisco, 1945*, Volume XI, London and New York, United Nations Information Organizations, 1945, pp. 711-4.

with the Prime Minister and let me know if he approves the sort of position I have tried to outline. Ends.[107]

**479.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au sous-secrétaire d'État aux Affaires extérieures*

*Secretary of State for External Affairs*
*to Under-Secretary of State for External Affairs*

TELEGRAM D-322 Ottawa, June 11, 1945

SECRET. Following to N. A. Robertson from Read: Begins: Reference your H-300, 301, 302, June 10, 1945.

Your H-300, para. 2. I assume that you have in mind provision for 5-10 years conference in substitution for the Four Power amendment, and not in addition to the same. A provision for summoning Constitutional conference, without inclusion of stipulation as to how conference would conduct its business or as to how revisions of Charter would be made effective, would have following results:

(a) Revisions thus made would be subject to Chapter 11 of Dumbarton Oaks proposals, and would require ratification by countries having permanent membership, plus majority of other members of organization.

(b) Conference could provide its own procedure, by unanimous consent of countries present.

(c) Assuming all members of The United Nations present, Conference could, by unanimous consent, make overriding changes in Charter.

2. There is difference of view here as to advisability of 5-10 years scheme. In view of general view of your Delegation, it is unnecessary to state pros. It is hoped that you will not overlook the definite disadvantage in a ten year scheme. Original Four Power amendment is completely flexible and would enable summoning of Conference at time when it became necessary and convenient to do so. It would also enable summoning of Conference at any time when it became necessary and would not be spent with the first conference, as in the case of the ten-year plan. Further the ten-year automatic summoning scheme is somewhat misleading in that it would not in fact be possible to have an effective conference without Great Power support. Further, the fixed period scheme might well result in a conference at a time when it would be impossible to make progress.

3. Your H-301 raises the question as to the legal necessity for a withdrawal provision. I think that, in the case of a multilateral agreement of indeterminate duration, withdrawal could only (in legal theory) be made on the basis of consent of the other countries, or in the light of the doctrine of *rebus sic stantibus*. On the other hand, it is impossible to overlook a factor which is not

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[107]Note marginale:/Marginal note:
P.M. agreed.

technically legal. It might well be that a country could withdraw and that the countries generally would disregard the action and in a sense give it passive recognition. I should think that it would be a much better thing to incorporate no provision for withdrawal and to rely upon the possibility of *de facto* (as distinct from *de jure*) withdrawal. There would likely be a great deal of criticism of the Canadian Delegation, if they had any part in the incorporation of a withdrawal clause. If you think of doing so, could you let me know and I could consult Mr. King?

4. H-302 concerning Italy. It is unlikely that we can make any progress in getting the Prime Minister's approval of the suggested course of action with regard to Italy, until tomorrow at the earliest. I have discussed the question which you raised, with my colleagues here, and there is general agreement, with no dissenting views, that it would be undesirable for Canada to have any part in raising this issue at this stage. You are familiar with the Trieste question and with the similar question vis-à-vis France in the Northwest. The acceptance of Italy would immediately prejudice claims which are being most vigorously made by two of the United Nations, because acceptance would mean an immediate recognition of peace without a peace conference, peace treaty, or the necessary negotiation for territorial or other changes. There is also the possibility that it might bring out the Polish issue again. There is also the hope that you are close enough to completion of the Charter to make it impossible to provide for representation and enable them to travel from Italy and reach San Francisco in time to have an important part in the deliberations.

5. With regard to all of these questions, I am wondering whether you are giving sufficient weight to the desirability of winding up in San Francisco before some new issue disrupts the conference, and in time to reach Ottawa before the snow flies. Ends.

**480.** DEA/7-Vs

*Extrait d'une télégramme du secrétaire d'État aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Extract from Telegram from Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

TELEGRAM D-329 Ottawa, June 12, 1945

IMMEDIATE. TOP SECRET.

1. My telegram D-322 June 11, 1945 and your telegrams H-300, 301, 302, June 10, 1945, have been considered by Prime Minister, who concurs in position taken in D-322, in all respects.

2. Your telegram H-303 has been considered by Prime Minister, who agrees in view put forward by you, in all respects.

. . .

**481.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs to Secretary of State for External Affairs*

TELEGRAM H-317 San Francisco, June 16, 1945

IMMEDIATE. SECRET. The Conference is working under great pressure in order to complete the Charter for signature on June 23, although some doubts remain whether this can be achieved. The major issues have all been disposed of in Technical Committees except the related questions of amendment and revision of the Charter and withdrawal from the Organization. Decisions should be reached on these points late tonight.

2. In agreeing reluctantly to the Yalta voting formula in the Council, many delegations took position that their acceptance of veto of each permanent member over important Council decisions should be met by some concession from the Great Powers in order to permit the later revision of the Charter without extending the veto to the results. The Great Powers, however, are solidly opposed in Committee discussions to such a change, with Russians insisting on their perpetual veto over all alterations. The Americans take the same line but on different grounds, since they are concerned over possible reactions in Senate if their own veto right is not written into the Charter so as to cover both ordinary amendments and the results of a general revision. There seems little chance of any concession of substance to meet the legitimate concern of the smaller countries. We should, of course, not cast our vote for any proposal which would endanger ratification of Charter by United States.

3. It may, however, be difficult to explain in Canada why the Canadian delegation acquiesced in decisions open to serious attack. We are, therefore, endeavouring to ensure that the record should show both our own views and a declaration by the United States at least that they would not accept the Charter if the changes desired by smaller countries were adopted.

4. The Great Powers are now willing to include, possibly in the Charter itself and certainly in an agreed statement, a general recognition of the right of withdrawal, probably linked with failure by withdrawing State either to accept amendments made or to secure adoption of amendments desired. Indeed, it looks as though this controversy might end in recognition of right of withdrawal more extended than that in the Covenant. We have not favoured so easy an escape from the obligations of the Charter. In view of the position described above, however, we consider it wise to include a limited right of withdrawal by States not prepared to accept results of a general constitutional revision. It is now likely that a broader provision than this will be adopted, which in the circumstances it would be difficult to oppose.

5. A great deal of difficult detailed work remains to be done in the Coordination Committee, and there are still outstanding questions in some Technical Committees. The public sessions of Commissions are also not yet

half completed. In addition, the work of translation is heavy, and the entire text as revised by the Coordination Committee will have to be examined again. Unless some unexpected cause of delay arises, however, it is likely that signature will take place on the 23rd, although postponement to 25th is possible. Date of the President's visit is probably fixed within very narrow limits by arrangements for the meeting of the Big Three.

**482.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-325 San Francisco, June 18, 1945

It is planned to hold organisation meeting of Preparatory Commission (on which all countries here represented will have one member) immediately before closing plenary session of Conference. Secretariat has requested delegations to appoint their representative and to provide him with the necessary credentials from his Government. These credentials can take form of a letter addressed to Mr. Stettinius as Secretary of State signed by the Prime Minister.

2. Since there remains some uncertainty about date of first meeting, it seems desirable to name myself and Wrong as alternative Canadian representatives. I therefore, recommend that a letter' be prepared on this basis authorizing one or the other to represent the Government of Canada on the "Preparatory Commission for the purpose of making provisional arrangements for the first sessions of the General Assembly, the Security Council, the Economic and Social Council and the Trusteeship Council, for the establishment of the Secretariat, and for the convening of the International Court of Justice."

3. We also expect to be represented on the Executive Committee of this Commission which will, under the draft resolution, exercise all the Commission's powers when the latter is not in session. It is expected that there will be a short meeting of the Executive Committee following the meeting of the Preparatory Commission.

**483.** DEA/7-Vs

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Secretary of State for External Affairs*

TELEGRAM H-328 San Francisco, June 18, 1945

My telegram H-317 of June 16th.

Committee last night completed consideration of amendment and revision of Charter. Final decision was to accept original Dumbarton Oaks proposals for

ordinary amendment procedure and to provide on following lines for convening special Conference for reviewing the Charter. Such a Conference can be called at any time by two-thirds vote of Assembly with concurrence of any seven members of the Council. If not held before Tenth Annual Assembly, proposal to convene it shall be placed on Assembly agenda and shall be adopted, if approved, by simple majority of Assembly and any seven Council members. This makes it almost certain that Constitutional Conference will be held within ten years if there is really widespread demand for the general revision of the Charter. Soviet delegation alone voted against proposal to place convening of Conference on agenda of Tenth Assembly. We consider this an important advance in the achievement of which the Canadian delegation played an admittedly leading part.

2. Attempts to remove the veto from results of such a Conference failed of adoption, and it was decided after long debate that ratification would be required by two-thirds of all members, including permanent members of Council.

3. It was also decided to omit from Charter any provisions for withdrawal, and instead to include in Committee's report statement that, in absence of such provisions, members could not be forced to remain in the Organization if there were good and sufficient reason to withdraw, including amendments which they could not accept or essential amendments which they could not secure. The position we took was that no right of withdrawal should be written into the Charter but that, in view of the decision taken on the veto over amendments, we could not resist a fairly strong reference to withdrawal in the report.[108]

**484.** DEA/5475-E-40

*Mémorandum du conseiller principal, la délégation à la Conférence des Nations Unies*

*Memorandum by Senior Adviser, Delegation to United Nations Conference*

CONFIDENTIAL [San Francisco,] July 3, 1945

PREPARATORY COMMISSION OF THE UNITED NATIONS ORGANIZATION

The first meeting of the Preparatory Commission was held in San Francisco on June 27th. I represented the Canadian Government and Maj. General Pope and Mr. Ritchie accompanied me to the meeting. The proceedings were almost

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[108]La charte fut signée le 26 juin 1945. Voir Canada, *Recueil des traités*, 1945, N° 2. Pour le rapport de la délégation canadienne à la conférence, voir Canada, ministère des Affaires extérieures, Recueil des conférences, 1945 N° 2, *Rapport sur les travaux de la Conférence des Nations Unies sur l'Organisation internationale tenue à San Francisco du 25 avril au 26 juin 1945*. Ottawa, Imprimeur du Roi, 1945.

The Charter was signed on June 26, 1945. See Canada, *Treaty Series*, 1945, No. 2. For the report of the Canadian delegation to the conference, see Canada, Department of External Affairs, Conference Series, 1945, No. 2, *Report on the United Nations Conference on International Organization held at San Francisco, 25 April-26 June, 1945*. Ottawa, King's Printer, 1945.

entirely formal and lasted little more than half an hour. Under the Agreement which was signed at the same time as the Charter, it is provided that all the functions and powers of the Commission are to be exercised by an Executive Committee sitting in London when the Commission itself is not in session. It is also provided that the next meeting of the Commission shall take place as soon as possible after the Charter has been ratified by the number of states required to bring it into effect.

It was agreed at the first meeting to leave all the operative decisions to the Executive Committee. The United Kingdom representative (Mr. Jebb) said that he thought that arrangements could be made for the Executive Committee to hold its first meeting at the beginning of August. The interval would be required to enable the United Kingdom Government to arrange for suitable premises and for the engagement of the requisite subordinate staff.

At the first meeting of the Executive Committee it will be necessary to appoint an Executive Secretary, other officers of the Committee, and a provisional staff. It is contemplated that the provisional staff will be mainly composed of officials appointed by the participating Governments and we shall doubtless receive a request to provide some suitable personnel for temporary duty. The Executive Secretary is likely to be a British official who will not be regarded as a candidate for the post of Secretary General of the United Nations. We have learned from the United Kingdom delegation in San Francisco that the Executive Committee will probably be accommodated in Church House, Westminster.

The Executive Committee will have a great deal of preparatory work to do in preparation for the first session of the General Assembly and the other organs of the United Nations. In addition to such essential duties as the preparation of draft rules of procedure, estimates of expenditure, staff and financial regulations and so on, it will have to prepare recommendations (subject to approval by full Preparatory Commission) on the following among other matters — the permanent headquarters of the organization, the transfer of functions and assets of the League of Nations, the annotated agenda of the first sessions of the General Assembly, the Security Council and the Economic and Social Council, and the relationship to be established between the United Nations and some of the special organizations like the I.L.O. The date of meeting of the first Assembly depends on the speed of ratification of the Charter, and it now looks as though this might be a matter of only a few months. It is probable, therefore, that the Assembly will be convened early in 1946.

One of the reasons why decisions were deferred at San Francisco was that no agreement had been reached among the major powers on such questions as the Chairmanship of the Executive Committee, its rules of procedure, and so on. We were informed by both the United Kingdom and United States delegations that they wished to undertake diplomatic negotiations, particularly with the Soviet Government, on these matters.

We shall have to provide for suitable Canadian representation on the Executive Committee. It is likely that this will be almost a full-time post and

that it cannot therefore be assumed by the High Commissioner in London or a member of his staff. The plans are, however, not yet sufficiently definite to permit a recommendation being made. We are asking Canada House to keep in touch with the United Kingdom authorities and to let us know by whom they will be represented. There was some indication at San Francisco that they would probably be represented by a junior Minister. We are also asking the Canadian Embassy in Washington to maintain contact on these matters with the Department of State.

H[UME] W[RONG]

**485.** DEA/5475-40

*L'ambassadeur des États-Unis*
*au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Ambassador of United States*
*to Acting Under-Secretary of State for External Affairs*

No. 387 Ottawa, October 25, 1945

Excellency:

I am directed by my Government to inform you that the United Nations Charter is now in force, the following twenty-nine instruments of ratification having been deposited with the United States Government:

China, France, Union of Soviet Socialist Republics, United Kingdom, United States of America, Argentina, Brazil, Byelorussian Soviet Socialist Republic, Chile, Cuba, Czechoslovakia, Denmark, Dominican Republic, Egypt, El Salvador, Haiti, Iran, Lebanon, Luxembourg, New Zealand, Nicaragua, Paraguay, Philippine Commonwealth, Poland, Saudi Arabia, Syria, Turkey, Ukrainian Soviet Socialist Republic, Yugoslavia.

The Secretary of State of the United States signed on October 24 the protocol of deposit of ratification as provided under Article 110 of the Charter, a copy of which the Department of State is transmitting to all missions of signatory States in Washington.

Accept etc.

RAY ATHERTON

**486.** DEA/5475-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*à l'ambassadeur des États-Unis*

*Acting Secretary of State for External Affairs*
*to Ambassador of United States*

No. 103 Ottawa, October 27, 1945

Excellency,

I have the honour to acknowledge the receipt of your note of October 25th informing me that the United Nations Charter is now in force, twenty-nine

instruments of ratification having been deposited with the United States Government. The Government of Canada has received this information with deep gratification. As you are aware, Parliamentary approval of the ratification of the Charter by the Government of Canada has now been given by the unanimous vote of both Houses of Parliament.[109] It is, therefore, expected that the Canadian instrument of ratification will be deposited with the Department of State in Washington in the near future.

Accept etc.

H. H. WRONG
for the Acting Secretary of State
for External Affairs

**487.** DEA/5475-40

*L'ambassadeur aux États-Unis au secrétaire d'État des États-Unis*

*Ambassador in United States to Secretary of State of United States*

NO. 413 Washington, November 9, 1945

Sir,

I have the honour to hand you herewith the Instrument of Ratification[1] for the Charter of the United Nations and the annexed Statute of the International Court of Justice, as signed by His Majesty the King on November 1, 1945. This Instrument is handed to you for deposit with the Government of the United States of America in accordance with Article 110 of the Charter.

Accept etc.

L. B. PEARSON

**488.** DEA/5475-40

*Le secrétaire d'État des États-Unis à l'ambassadeur aux États-Unis*

*Secretary of State of United States to Ambassador in United States*

[Washington], November 27, 1945

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note no. 413 of November 9, 1945 transmitting for deposit with the Government of the United States of America the Canadian instrument of ratification of the Charter of the United Nations with the annexed Statute of the International Court of Justice.

This instrument of ratification has been deposited in the archives of the Department of State with the signed original of the Charter.

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[109]Voir Canada, Chambre des communes, *Débats*, 1945, deuxième session, volume II, p. 1368; Sénat, *Débats*, 1945, deuxième session, volume II, p. 156.
See Canada, House of Commons, *Debates*, 1945, Second Session, Volume II, p. 1334; Senate, *Debates*, 1945, Second Session, p. 146.

Other governments signatory to the Charter are being informed that Your Excellency deposited the Canadian instrument of ratification of the Charter on November 9, 1945.

Accept etc.

JAMES F. BYRNES

## SECTION C

## RÉUNION DU COMITÉ EXÉCUTIF, COMMISSION PRÉPARATOIRE DES NATIONS UNIES, LONDRES, DU 16 AOÛT AU 22 NOVEMBRE 1945
## MEETING OF EXECUTIVE COMMITTEE, UNITED NATIONS PREPARATORY COMMISSION, LONDON, AUGUST 16-NOVEMBER 22, 1945

**489.** DEA/5475-E-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 153 London, July 12, 1945

IMPORTANT. Canada No. 153, Australia No. 242. As Prime Ministers are aware, one of the documents signed at San Francisco was entitled "Interim Arrangements Concluded by the Governments Represented at the United Nations Conference on International Organisation." This document established a Preparatory Commission (which held its first meeting the day following signature of the Charter)[110] and an Executive Committee of fourteen States which will exercise the Commission's functions when it is not in session. It was also agreed that the seat of the Commission and the Committee should be located in London and His Majesty's Government in the United Kingdom should, as soon as possible, inform the other members of the Executive Committee when it would be desirable for the latter to hold its first meeting.

2. An examination of the practical considerations involved has now been made and we feel that all the necessary arrangements can be concluded in time for a meeting of the Committee on Thursday, 9th August, at Church House, Dean's Yard, Westminster.

3. Should be glad, therefore, to learn as soon as possible whether this tentative date is agreeable to you. If so, we should be glad also to be informed who will be your representative and what staff will be attached to him.

4. It was also agreed at the first meeting of the Preparatory Commission referred to above that His Majesty's Government in the United Kingdom would appoint an "Interim Administrative Officer" who would be responsible

[110]Voir les documents 482, 484./See Documents 482, 484.

for making all the necessary preliminary arrangements. Mr. Gladwyn Jebb, C.M.G., has now been appointed to this post and will be available in London for consultations regarding the establishment of the Executive Committee which any Government concerned may wish to set on foot.

5. Similar communication is being addressed to foreign Governments represented on Executive Committee.

**490.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 178 Ottawa, August 4, 1945

Your telegram No. 153 of July 12th. Executive Committee of United Nations Preparatory Commission. Mr. L. B. Pearson, Canadian Ambassador in Washington, who is now in London as Canadian Member of the Council of UNRRA, will represent the Canadian Government at the opening meetings of the Executive Committee. Mr. Escott Reid will act as alternate representative and will remain in London for such time as may be necessary. The date of August 9th is acceptable for the first meeting. We are not at present able to attach further staff to the Canadian representative.

**491.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2319 London, August 14, 1945

MOST IMMEDIATE. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 1.

1. Chairmanship of Committee may cause trouble at first meeting of Committee on 15th. Soviet propose that Chairmanship rotate among Big Five and that Chairmanship of Preparatory Commission go to Middle Power with two Vice-Chairmen of Commission from small Powers.

2. This would tend to establish pattern for Security Council and General Assembly.

3. Hasluck, the Australian representative, strongly opposes proposal on the ground that Committee is a Committee of the whole organization dealing with the kind of questions in which the military power of the Big Five is irrelevant. He is personally opposed to principle of Big Five rotation even on Security Council and fears that acceptance of Soviet proposal would constitute precedent not only for Security Council but for other Committees of the

Organization. In place of Soviet proposal he would personally prefer election of Soviet representative as permanent Chairman.

4. Jebb had originally assumed that United Kingdom representative would be permanent Chairman, but in view of Soviet attitude he secured concurrence of other Great Powers in Soviet proposal. This he did before change of Government here, and he is now clearing the matter with [Noel-]Baker and Bevin.

5. In our opinion the prime consideration is the avoidance of an unpleasant debate on procedure at the first meeting of the Committee. If such a debate could be avoided by our not opposing the Soviet proposal we would be prepared not to oppose. However, if Australian and other representatives refuse to concur in it our best course might be to suggest that [Noel-]Baker be elected Chairman for first two weeks and that decision on the question of principle be postponed to give time for further consideration.

6. Would be grateful for your instructions. Ends.

**492.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 1863 Ottawa, August 15, 1945

IMMEDIATE. Following for Reid from Robertson, Begins: Your telegram No. 2319 arrived too late for consideration yesterday. We do not like Soviet proposals concerning chairmanships on several grounds and approve course suggested in your paragraph 5, which we assume you have followed if meeting has not been postponed. We also dislike continued arrangement of such matters by Great Powers behind the scenes, as in San Francisco, a procedure which permits most obstinate among them to secure support of other four in committee for dubious proposals such as these and thus tends to make committee discussions unreal. Ends.

**493.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affaires*

TELEGRAM 2334 London, August 16, 1945

SECRET. Following for Robertson from Pearson, Begins: United Nations Committee. Telegram No. 2.

Reference your telegram No. 1863.

1. Koo, at first meeting of Committee this morning, hesitatingly and with apparent distaste, put forward for discussion as personal suggestion proposal that Chairmanship rotate between Big Five thus "following precedent set at San Francisco." This was immediately opposed by Brazil, Netherlands and Australia and received support only from Soviet Union.

2. At this point I stated that Canada was opposed to the principle of rotation and that since the Technical Committees at San Francisco had had a single Chairman and this Committee was of the nature of a Technical Committee, it could be argued that the precedent set at San Francisco was contrary to suggestion made by Koo. We then suggested that in order to avoid prolonged debate at the Committee's first meeting, decision be postponed until our next meeting. This suggestion immediately received unanimous support.

3. Since then I have informally made the following suggestion:

Chairman Gromyko — First Vice-Chairman Koo — Second Vice-Chairman Freitas Valle — all serving in their personal capacities so that when the Chairman is absent he will be succeeded by Vice-Chairman. Unless the French object, it seems likely that this formula will be accepted tomorrow.

4. [Noel-]Baker stated he did not wish to be considered for Chairmanship and Jebb was unanimously elected Executive Secretary.

5. Second meeting of Committee takes place tomorrow (Friday) afternoon. Ends.

**494.** DEA/5475-E-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2349 London, August 18, 1945

SECRET. Following for Robertson from Pearson, Begins: United Nations Committee telegram No. 3.

1. Informal discussions preceding yesterday's Committee meeting indicated that the compromise on the chairmanship referred to in paragraph 3 of my telegram No. 2 was acceptable to all members of the Committee except the Soviet delegate. He refused even to submit the proposal to Moscow.

2. As a result, the matter was debated for two hours yesterday. The United Kingdom, the United States and France made it clear that they were opposed in principle to the Chinese proposal, but that they would nevertheless vote for it with the hope that in future Technical Commissions of the United Nations would have one Chairman chosen for his personal merit.

3. Winant proposed, as a compromise, that the Committee elect a different Chairman every two weeks. The Committee accepted this subject to the formal condition that the Committee's report to the Preparatory Commission should contain a statement that its action did not constitute a precedent one way or

the other. It was also subject to a gentleman's agreement that the Big Five would be elected in turn for the first ten weeks.

4. Gromyko was unanimously offered the first chairmanship, but withdrew in favour of Koo, who was unanimously elected.

5. Four votes took place:

(1) Should an accompanying statement be made to the Preparatory Commission — yes 11 — no 3. (U.S.S.R., Czechoslovakia, Yugoslavia).

(2) For the principle of rotation — yes 8, (five Great Powers plus Czechoslovakia, Yugoslavia and Iran) — no 5, with Canada abstaining from voting.

(3) Should Winant's motion be voted before any other motion — passed by 9 to 3, with China and France abstaining and the Soviet Union being supported by the usual two votes.

(4) The Winant motion was then passed by the same vote as the previous one.

6. The debate was amicable. It demonstrated unwillingness of United Kingdom and United States to continue the practice of making arrangements on such matters behind the scenes. [Noel-]Baker made clear his belief that these matters should be settled on the floor of the Committee by the usual democratic procedure, and I feel certain that Winant concurs. Ends.

**495.** DEA/5475-E-40

*Le représentant suppléant, le Comité exécutif,*
*la Commission préparatoire des Nations Unies,*
*au sous-secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Executive Committee,*
*United Nations Preparatory Commission,*
*to Under-Secretary of State for External Affairs*

London, August 21, 1945

Dear Mr. Robertson,

I have been thinking over the kind of questions on which it might be useful if I could have some guidance from you.

The only one which is urgent is on the winding up of the League of Nations, since the Sub-Committee on this subject is to be established immediately and will probably take as its basis of discussion the United Kingdom proposals. Consequently, I would appreciate a memorandum from you, giving your views on these proposals which I think you must have.

Though the Sub-Committee entitled "General Section" is to be established immediately, I doubt whether it will for some time be tackling the problem of the permanent Headquarters of the Organisation. However, that subject will, no doubt, be coming up from time to time in informal conversations. Already one of the advisers to the Soviet Delegation, Mr. Roschin, has broached the subject to me. He gave me the impression that he thought there was a good deal to be said for having the Headquarters in the United States, but naturally

I did not attach much importance to this, since I think he was merely trying to sound out our views.

Another Sub-Committee to be established immediately is the one dealing with "Relations with Specialised Agencies." At some point in its procedure this Sub-Committee will have to deal with the delicate problem of the relations with the I.L.O.

The Sub-Committee on "Financial Arrangements" is not to be set up immediately. Before it is set up, it would be useful if I could have your views on the method which you think would be most desirable of assessing and collecting contributions from the member States.

The Sub-Committee on the "Security Council" is also among those which are not to be set up immediately. My guess is that when it is set up and starts discussing the rules and procedure of the Security Council the Soviet Delegation will propose that the chairmanship rotate among the Big Five. I doubt whether this proposal could go through without opposition, since I think that Australia will oppose the principle of rotation even as applied to the Security Council.

On a number of these questions, I know that the line which you will want me to take when the question ultimately comes before the Committee will depend on developments and on the impressions which I am able to secure of the general line which other delegations are likely to take. However, it would, I think, be useful if I could have, even at this early stage, some idea of your general approach to the problems.

Yours sincerely,

ESCOTT REID

**496.** DEA/5475-E-40

*Le représentant suppléant, le Comité exécutif, la Commission préparatoire des Nations Unies, au secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Executive Committee, United Nations Preparatory Commission, to Secretary of State for External Affairs*

No. 7 London, August 24, 1945

1. One important question of principle which is emerging as a result of recent meetings of the Committee is whether the Committee should content itself, for the most part, with preparing agenda on organisational problems for the principal organs of the Organisation, or whether it should also prepare agenda, with appropriate documents, on questions of substance. (See especially the minutes of the third meeting forwarded to you under cover of despatch No.4 of 20th August, 1945.)'

2. The agreement reached in San Francisco instructed the Executive Committee to "prepare the provisional agenda for the first sessions of the

principal organs of the Organisation, and prepare documents and recommendations relating to all matters on these agenda."

3. The impression which Mr. Gerig, the acting head of the United States delegation, gave at the third meeting of the Committee was that the United States, in its desire to have the General Assembly meet as soon as possible, was of the opinion that the Executive Committee should confine itself to dealing with organisational problems. He argued that the functions of the sub-committees as set forth in Mr. Jebb's paper[1] might well be narrowed down and that the best approach to the work of the Executive Committee might be to take on the minimum tasks necessary.

4. Mr. Noel-Baker, of the United Kingdom delegation, on the other hand, stressed the importance of the Assembly at its first meeting dealing wisely with substantive questions. He said that clearly the first item on the agenda of the General Assembly would be a debate on the general condition of the world and what the United Nations could do about it. He thought that perhaps this debate might be documented by something equivalent to the annual report which used to be prepared by the Secretary-General of the League.

5. His opinion was that another item which would come high on the agenda of the first General Assembly would arise out of the insistent demands of many countries that the United Nations immediately begin to deal with urgent problems of world importance, such as displaced persons, the prevention of epidemics and the general field of economic reconstruction.

6. It would seem to us that Mr. Noel-Baker's approach is wise; that to confine the discussion at the first meeting of the General Assembly to purely organisational questions would be somewhat of an anti-climax. Moreover, it is unlikely that the General Assembly would, in fact, regardless of the desires of the states represented on the Executive Committee, confine itself to a discussion of purely organisational questions. If this is so, the choice is not between an organisational meeting of the Assembly and a meeting which would discuss world problems as well as organisation, but between an ill-prepared meeting of the General Assembly and a relatively well-prepared one.

7. If the General Assembly is to secure the respect of public opinion throughout the United Nations, it seems to us of great importance that its first session should be as successful as possible and that the Assembly should demonstrate its ability to deal with delicate problems of international significance in a wise and useful manner. The General Assembly should, from its inception, be, to use Senator Vandenberg's phrase, "a town meeting of the world."

8. Thus it would seem to us essential that the Executive Committee prepare adequately annotated and documented agenda on questions of substance for the first sessions of the General Assembly, the Security Council and the Economic and Social Council.

9. The difficulty is obviously one of time and of staff. On the first point we suggest that it would be better to postpone the meeting of the Assembly for a

month or two in order that preparations for it be well advanced than to have it meet prematurely without adequate documentation or preparation.

10. On the second point, our feeling is that the Executive Committee should do its best to secure a staff sufficiently large and able that it can make adequate preparation for the discussion of questions of substance at the first meetings of the organs of the United Nations. Mr. Jebb unfortunately seems to be thinking in too limited terms, so far as the temporary international secretariat is concerned.

11. The explanation of the attitude adopted by the United States delegation in trying to restrict the work of the Executive Committee may be that they are anxious to have the United Nations Organisation set in motion before the pendulum in the United States swings back to isolation and while the Administration can capitalise on the virtually unanimous support which has been given to the United Nations Charter in the United States.

12. In order to go part way to meet the United States desire to set things moving as soon as possible, perhaps it might be desirable to have a meeting of the Preparatory Commission take place in about another two months and for the Executive Committee to present to the Commission, at that time, its report on organisational problems. The Preparatory Commission could then discuss this report and refer it back to the Executive Committee with its suggestions for revision and amplification. The Preparatory Commission could then decide what questions of substance should be discussed at the first sessions of the principal organs and instruct the Executive Committee to prepare adequate documentation on these items. If the Preparatory Commission saw fit it might also authorise the Executive Committee to add further items to the agenda if it considered this desirable in the light of developments before the Assembly meets.

13. Another meeting of the Preparatory Commission would then be held immediately before the first meeting of the General Assembly to receive the final report of the Executive Committee.

14. The first of these two meetings of the Preparatory Commission could be held in London and the question of the place of the final meeting could be left open. The effect of this might be that the final meeting might be held at say, Geneva, and followed immediately by the first meeting of the General Assembly without prejudice to any decision which might subsequently be made about the headquarters of the Organisation. The argument for holding the final meeting of the Preparatory Commission and the first meeting of the General Assembly in Geneva would be that only at Geneva are we likely to find, for the present, the facilities which would make possible the dignified, orderly and efficient conduct of the first meetings of the United Nations. On the other hand, the U.S.S.R. and possibly other Governments, may well refuse to go to Geneva in any circumstances.

15. I should greatly appreciate your views on the questions which I have raised in this despatch.

I have etc.

ESCOTT REID

**497.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2469 London, August 28, 1945

IMMEDIATE. SECRET. Following for Robertson from Pearson, Begins: United Nations Committee telegram No. 5.

1. The Committee has still not reached agreement on the text of the memorandum on its method of work and the terms of reference of the Sub-Committees. It looks as if agreement will be reached tomorrow or Thursday and the Sub-Committees can then start to work.

2. The two chief points at issue in the last three meetings, of which the last two have been open to the press, are the nature of the Executive Committee Secretariat and the relations of the Committee with the League of Nations.

3. The Soviet view on the Committee Secretariat is that the only part of the Secretariat which should be international should be the clerical and administrative staff. The rest of the Secretariat would be composed of members of national delegations who would, while serving in the Secretariat, remain members of those delegations. Their arguments indicated that this is the sort of pattern they have in mind for the Secretariat of the United Nations Organisation.

4. In view of these implications, we have taken a leading part in opposing the Soviet views on these questions, urging that the temporary Secretariat should, so far as possible, be set up in accordance with the provisions of Article 101 (3) of the Charter. The Soviet were isolated and it looks as if the Committee will, tomorrow, adopt the substance of our proposals.

5. So far as the League of Nations is concerned, the Soviet desire is to pretend that it does not exist. They, therefore, opposed our suggestion that the League of Nations should be invited by the Sub-Committees to submit papers to them on matters falling within their competence.

6. [Noel-]Baker said this morning that the Soviet Ambassador was pushing the Committee too far in asking that there be no reference to the League in the Committee's memorandum, and Massigli said that our proposal was "in perfect accord with common sense." The Soviet received no support except for a brief intervention from Yugoslavia, even Czechoslovakia taking a fairly firm line against them. The compromise tentatively adopted today was not to

mention the League by name, but to instruct the Sub-Committees to seek assistance from "the existing International Organisation."

7. The Soviet delegation is obviously bound by very precise and detailed instructions. Gromyko does not show the same confidence in his abilities or his position in Moscow as Golunsky did at the Co-ordination Committee in San Francisco.

8. The rearguard action fought by the Soviet delegation on the Secretariat, League, relations with the press and the chairmanship of the Committee, has more than doubled the amount of time which the Committee has had to devote to its organisation. If, as is likely, the Soviet continue to act in this way, the most pessimistic estimates about the length of the Committee's work will be justified. Ends.

**498.** DEA/5475-E-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au représentant suppléant, la Comité exécutif, la Commission préparatoire des Nations Unies*

*Associate Under-Secretary of State for External Affairs to Alternate Representative, Executive Committee, United Nations Preparatory Commission*

Ottawa, August 30, 1945

Dear Mr. Reid,

I am writing in partial reply to your letter to Mr. Robertson of August 21st in which you ask guidance on a number of matters which will come up in the sub-committees of the Executive Committee. As an introduction let me say that we are concerned in the Department at not being able to supplement your efforts by providing further help for the Executive Committee. We shall talk the situation over with Mr. Pearson on his return and see if there is anything that we can do. The trouble is the old familiar one — in the first place we are desperately short of people and, secondly, we are not in a position to give you very much guidance on the issues that will arise because of the pressure of work and the large number of urgent and important matters coming up for decision.

One point on which you ask guidance is on the winding up of the League of Nations. I think that we have not seen the latest version of the United Kingdom proposals. Mr. Owen gave me in San Francisco a copy of the secret report of March 15th of the Foreign Office Committee on this subject.[1] I have not had time to reread it all but I think it is safe to say that the general line taken by this Committee is acceptable to us. The report is written more from the point of view of what has to be done to liquidate the League of Nations than from the point of view of what the Executive Committee has to do to take functions and assets from the League. It carries the judgment, I believe, of

Messrs. Lester [111] and Jacklin[112] who were unofficially associated in its preparation.

One point I should mention in this connection although it is a minor one. It will be awkward for the members of the League (except for the not inconsiderable number who do not seem to be embarrassed by defaults on their obligations) to be called upon to continue to pay a contribution to the League for more than the shortest possible period after the United Nations Organization has been established. This affects both the arrangements for the transfer of assets and liabilities and the agreement between the United Nations and the I.L.O. since the I.L.O. budget is now well over half the League budget.

I doubt that there is much that I can add on the question of the headquarters of the new organization. You know our general feeling in the Department that Geneva is probably the most suitable place, if agreement can be secured on it. For purposes of practical convenience from the language point of view, it is desirable that the headquarters should be in either an English-speaking or a French-speaking country. Otherwise there would be very great difficulty in securing subordinate local staff. I suppose that it may still be necessary to postpone a decision unless Soviet objections to Geneva are removed — perhaps by some device such as the creation of a small international territory.

With regard to financial arrangements, I note that the sub-committee is not to be set up at present. Perhaps we may be able to send you some more detailed ideas before long. My own feeling is that, with the exception noted below, the League method of determining relative contributions was more effective than anything else that could be devised. I am sure that we would never be able to arrive at a strictly statistical formula and that what will in fact be used will amount to an estimate of relative capacities to pay. The exception, however, is that the League scale (or rather the I.L.O. scale which is the same thing with the United States and Brazil and a few other countries added) squeezes the middle countries badly. From the beginning of the League, for instance, the United Kingdom paid 110 units and Canada 35. When the United States joined the I.L.O. it was on condition that her contribution would be the same as that of the largest contributor — the United Kingdom. The Department of Finance in another connection has recently written on this subject expressing anxiety, in view of experience with UNRRA, F.A.O. and other bodies, over the pattern which we are getting into in which the largest countries refuse to pay more than the second largest and a number of the smaller ones are unable or unwilling to pay anything at all, thus placing an unfair burden on the middle countries which have to take up the slack from both ends. This is a very real budgetary problem, and I am sure that we shall run into trouble unless identical principles are applied in determining the contributions of the United States and of Canada to the new organization.

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[111]Sean Lester, secrétaire général intérimaire, Société des Nations.
Sean Lester, Acting Secretary-General, League of Nations.

[112]Seymour Jacklin, trésorier, Société des Nations.
Seymour Jacklin, Treasurer, League of Nations.

I think that we had better leave over for the present any consideration of our attitude in the event that there is pressure for rotating chairmanship of the Security Council among the Big Five. The importance which the Soviet Government seems to attach to these matters is an indication of their lack of maturity in international affairs.

I do not feel competent at the moment to give you any suggestions on one other point mentioned in your letter — the relations of the new organization with the I.L.O. I have not followed closely enough the recent discussions in I.L.O. bodies. It is going to be a very difficult matter to settle, and I expect that a good deal will be said about it at the meeting of the Governing Body and Labour Conference in Paris in October.

I am getting Mr. Rasminsky to go through the papers and reports which you have sent from London in preparation for a talk with Mr. Pearson next week. I hope that this may produce something more helpful to you than this letter can be.

Yours sincerely,

H. H. WRONG

**499.** DEA/5475-E-40

*Le représentant, le Comité exécutif, la Commission préparatoire des Nations Unies, au secrétaire d'État aux Affaires extérieures*

*Representative, Executive Committee, United Nations Preparatory Commission, to Secretary of State for External Affairs*

No. 17 London, September 1, 1945

CONFIDENTIAL

1. Now that the Executive Committee has gone into sub-committee and has thus finished the first stage of its work it might be useful if I were to make some general comments on developments in the Committee during the first two weeks of its existence.

2. The most significant development is that there are no penthouse meetings taking place as at San Francisco. So far as I am aware the only joint recommendation which has been made to the Executive Committee by the five great powers was on the acceptance by the Committee of the principle of a rotating chairmanship. On the other questions which have come before the Committee the five great powers do not appear to have had any previous consultation and each has demonstrated its freedom in committee to differ from the other great powers.

3. The Executive Committee, during the past two weeks, has been dealing with a number of questions which have been charged with political and emotional content, such as the nature of the secretariat, relations with the League and relations with the press. The fact that on such matters the five

great powers have not considered it wise nor useful to agree on a common line may lessen our fears that they will present the Security Council with agreed decisions on all important matters on its agenda.

4. It is too early, however, from the mere experience of two weeks' work in a committee dealing with organizational questions to forecast what the attitude of the great powers will be on the Security Council. I have a feeling that to some extent the attitude they have taken to date on the Executive Committee results from Mr. Noel-Baker's strong personal distaste for secret five power conclaves, or indeed secret conclaves of any kind. Some of the members of the British delegation have already privately referred to him as the chief spokesman of the small powers. Now that Mr. Stettinius has arrived in London, Mr. Stettinius' influence may be thrown in the direction of five power consultation, though this is far from certain.

5. The Executive Committee is, on the whole, a stronger committee than the Co-ordination Committee at San Francisco. Its most influential member is Mr. Noel-Baker. During the Coalition Government he had the task of dealing with the question of war transport which could not have been very close to his heart. Now that he is back with his old love again — collective security — he is bubbling over with ideas and enthusiasm and energy. Because of his years in the wilderness he comes to his task much more eagerly than most of the other members of the Committee.

6. Mr. Gerig, the temporary chief of the United States delegation in Mr. Stettinius' absence, has presented his brief very ably but leaves the impression sometimes that he is not very enthusiastic about it. In private conversation he frankly states that he is embarrassed by the voluminous and detailed instructions on every point on the agenda, which he receives every day from Mr. Pasvolsky and Mr. Dunn in Washington and like so many United States civil servants he does not mind stating bluntly in private the points on which he disagrees with his instructions. He regrets, for example, the line taken by his people in Washington that the Executive Committee being, in their opinion, an agent of the embryo General Assembly should keep its hands off the sacred great power organization — the Security Council — and though he has not been very precise in talking to us about the problem of the seat of the Organization, I am fairly certain that he himself is in favour of the seat being established at Geneva and not in the United States.

7. Mr. Gromyko is bound even more tightly by his instructions than Mr. Gerig. If it were not for the Soviet delegation the Executive Committee could probably have completed, in three days, what it has actually taken two weeks to do. (Indeed were it not for the Soviet Union the Committee might never have come into existence since the other powers at San Francisco would probably have been willing to appoint a temporary secretary-general and give him authority to make the necessary preparations for the first meetings of the organs of the United Nations.) Mr. Gromyko gives the impression that he follows the letter of his instructions rather than their spirit and he has sorely tried the patience of the Committee by his stubborn refusal to admit defeat and by his insistence on raising again and again questions which have already been

determined by the Committee against Soviet wishes. On this Committee the prime diplomatic virtue required is patience.

8. The difficulties which the Committee has encountered in dealing with the Soviet delegation may sometimes arise not out of Mr. Gromyko's stubbornness but out of his lack of a complete command of English and French. At one meeting the other day the Committee, for example, made it clear at least three times that the Executive Secretary could appoint senior members of his secretariat from outside the ranks of officials of the fourteen countries represented on the Committee. I am fairly certain, however, that Mr. Gromyko still does not understand that this decision has been made.

9. As at San Francisco some of the difficulties in dealing with the Soviet delegation arise from the fact that the Soviet members do not understand what is meant by certain western political concepts. The idea of a civil service, whether national or international, which tries its best to be impartial and which nevertheless, of necessity, is concerned with advice on policy as well as with the carrying out of government decisions, seems to be utterly foreign to them. They appear unable to distinguish the difference between referring a proposal to a sub-committee for study and report and deciding in favour of the principle of a proposal. To them the two things are identical.

10. Dr. Koo, the chief of the Chinese delegation, has not, so far, had a chance to indicate his strength as a participant in discussions on questions of substance. As chairman he has, instead, done his best to avoid open differences of opinion in the Committee and to gloss over differences by finding a formula, even though occasionally the formula is so imprecise that it only postpones a decision on a question of substance, and may make it necessary for the battle to be fought all over again in all ten sub-committees.

11. The Australian delegate, Mr. Hasluck, has been one of the most useful members of the Committee and has demonstrated much more ability in London than he did in San Francisco. Perhaps the value of his contribution to an international discussion increases as the square of his distance from Dr. Evatt. He has been given, he tells me, almost no instructions from his government.

12. Mr. Freitas Valle of Brazil has demonstrated on this Committee the same practical common sense which he showed on the Co-ordination Committee at San Francisco.

13. Mr. Kerno, who is the Czechoslovak representative, has made useful contributions to the discussions and has shown a surprising independence of the Soviet Union. He found it necessary to vote with the Soviet Union on the question of the rotating chairmanship of the Committee and, once the Soviet Union had shown its bitter dislike of the United Nations Information Organization, he had to cease being its champion. But on other matters, and especially in the discussions over the secretariat of the Preparatory Commission, he has taken a line entirely at variance with that taken by the Soviet representative. In the discussion on the secretariat he vigorously opposed the Soviet contention that the senior members should all be members of the

national delegations of the fourteen countries represented on the Executive Committee. He further stated that he "viewed with great apprehension" a system under which some of the temporary international secretariat would be paid by national governments and some by the international organization and he went so far as to urge that payments made by governments to their officials who were lent to the secretariat should be refunded to them later by the United Nations organization.

14. The representatives of Yugoslavia and Chile have contributed almost nothing to the discussions and the temporary representative of Mexico, their Ambassador here, has not said a word. Indeed, the Ambassador is reported to have said that he did not know anything about the subjects to come before the Committee, that he had not read anything about them and that he would not say anything, but that he would come to the meetings so that the Committee would not number thirteen! No doubt when the chief delegate of Mexico arrives, Señor Padillo Nervo, he will make a useful contribution to the discussions.

15. Dr. van Royen, the Chief Netherlands' delegate is not as useful a member of the Committee as his alternate, Mr. Pelt.

16. The Iranian representative, Mr. Entezam, does not say much but what he says is almost invariably to the point and it looks as if he will be a good chairman of the sub-committee on general questions.

17. The attitude taken by the Soviet delegation on the secretariat of the Preparatory Commission is a forecast, I am afraid, of the very considerable difficulties which the Executive Committee and the Organization will face in matters relating to the secretariat. It is scarcely an exaggeration to say that the Soviets believe that all the senior posts in an international civil service should be held by national civil servants and that only the junior posts should be held by international civil servants. The national civil servants would be merely loaned temporarily to the Organization.

18. You may have noted, for example, Mr. Gromyko's statement (pages 4 and 9 of the minutes of the meeting of Aug. 24)[1] that "the main creative work of the Executive Committee" would be done by sub-committees composed of repesentatives of delegations, that experts should not be on the staff of the secretariat, and that "the functions" of the secretariat were strictly technical and organizational. Moreover, the national officials lent to the secretariat would remain members of their delegations and would be paid by their national governments.

19. Mr. Gromyko has insisted, in discussions with the senior officers of the temporary secretariat, on following a sort of point system in determining how many chiefs of section and assistant chiefs of section should come from the Soviet delegation. He seems to have been trying to ensure that the Soviet Union has a position of equality with the other great powers on the temporary secretariat and works on some such assumption as that two deputy chiefs of section are equal to one chief of section. He has also taken care to make certain

that the chief of section on the Security Council is a member of the Soviet delegation.

20. As a result of the line taken by the Soviet delegation the position of the international civil servants on the temporary international secretariat has been greatly weakened. I am told by Mr. Gerig that a number of the Americans on the international secretariat are unhappy because they accepted their positions on the understanding that they would be policy advising officials and they now fear that they will be nothing but minute takers.

21. It may be that on the question of the secretariat of the United Nations the Executive Committee will be unable to present a unanimous report, but that two reports will have to be presented to the Preparatory Commission, one in the name of the Soviet and Yugoslavian delegations and the other in the name of the other delegations. The issue has been so clearly drawn that it may be neither possible nor desirable to avoid this.

22. The other issues on which it is obviously going to be difficult to secure unanimity relate to the League of Nations and the I.L.O. Mr. Gromyko went so far, at one meeting, as to say that his objections to inviting observers from the League to attend meetings of the sub-committees "arose from the simple fact that the League did not exist" (Meeting of Aug. 27th. Page 5).† However, having made their position clear in the Executive Committee it is possible that the Soviet delegation will not stubbornly try to prevent the sub-committees from making use of the knowledge and experience of the League of Nations and from treating the League and its officials courteously in discussions relating to its winding up.

23. The dislike by the Soviet Union of the League appears to be equalled by its dislike of the I.L.O. and even so harmless a body as the United Nations Information Organization. The Soviet Delegation has constantly reminded the Executive Committee that it is not a member of either of these organizations and that it indeed objects to UNIO calling itself a United Nations organization when less than half the United Nations are members of it.

24. The discussions in the Executive Committee on relations with the press indicate the difficulties which the United Nations will face in dealing with this problem. The Soviet delegation did not want to have any of the meetings of the Executive Committee open to the press, except formally staged meetings at which the Committee would, without debate, adopt some memorandum on which it had previously reached agreement. Apart from that, they thought the press ought to be content with formal press releases. While it is hard to say how they can even try to prevent the General Assembly from holding most of its meetings in public, it does seem likely that they will do their best to ensure that no real discussion in the Security Council goes on in public, and they may also try to ensure that assembly committees dealing with political problems should hold their meetings in private.

25. On the question of the relations of the Executive Committee with the press the United States delegation has taken a line very similar to that taken by the Soviet delegation. Mr. Noel-Baker has taken an extreme position on the

other side. In his opinion the meetings of the Executive Committee should always be open to the press unless the Committee is discussing questions of personality. He is convinced that this would not prejudicially affect the frankness of discussion nor otherwise lower the standard of discussion but would actually improve discussion and that it would help to educate the public.

26. Thus on most of the controversial questions which have so far come before the Committee, the Committee has usually been divided, with the Soviet world on one side and the rest of the world on the other. It is possible that this may not be the line-up in discussions over preparation of the agenda for the first sessions of the Security Council. On this point the United States delegation is taking an extremely restrictive line, and the Soviet delegation has not shown its hand.

I have etc.

L. B. PEARSON

**500.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2585 London, September 7, 1945

IMMEDIATE. SECRET. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 12.

My telegram No. 10, 4th September,[†] on the nature of the First Assembly.

1. Stettinius, at this morning's meeting of the Executive Committee, made the following formal proposal on behalf of the United States. Eighteen States had already ratified the Charter and it was estimated that thirty would have ratified early in October when the Charter would come into force. The Preparatory Commission should be convened to meet in London about October 15th and the First United Nations Assembly in London about November 15th. Each meeting would last two or three weeks. The Assembly meeting would be almost purely organizational, though could also call attention to important world problems. The regular annual meeting of the Assembly would be called for next spring, perhaps April 25th, the anniversary of the opening of the San Francisco Conference.

2. He, therefore, proposed that the work of the Executive Committee and its Committees be restricted to purely organizational matters and that the three Committees, which had not yet met, meet immediately.

3. Noel-Baker stated that he was in agreement with the main principle and purpose of these proposals, but that his Government needed more time before committing themselves to detailed dates and places. Subject of [*sic*] the work being well done, the United Kingdom would like to aim at a target date for the Preparatory Commission of October 15th, but it might be necessary to

postpone it two or three weeks. Later in the discussion he added that three weeks would have to elapse between the completion of the Executive Committee's report and the meeting of the Preparatory Commission in order to give all fifty United Nations time to study the report.

4. The Soviet Union, the Netherlands and China expressed general agreement with the United States proposals.

5. I took the general line set forth in paragraphs 6, 7, 12 and 13 of my despatch No. 7, 24th August, and suggested as possible dates — October 15th or November 1st for the meeting of the Preparatory Commission, to receive the Executive Committee's report on organizational problems; a second meeting of the Preparatory Commission at the beginning of January to receive and approve of the final report of the Executive Committee; and the first meeting of the Assembly towards the end of January. Since the First Assembly would include most or all of the States represented at the preceding meeting of the Preparatory Commission, it could be assumed that it would approve all the organizational proposals of the Preparatory Commission in three or four days, and could then become "a town meeting of the world." My suggestion, therefore, meant that the organization meeting of the Assembly would be postponed about two months from the date set by Stettinius, but that the Assembly would meet as the town meeting of the world three months before Stettinius' date.

6. Mr. Hasluck emphasized that the problem was a practical one of discovering the best method of ensuring that each organ of the United Nations function as early as possible to the full extent of its powers. He added that the appointment of the Preparatory Commission had avoided the necessity of having a constituent meeting of the organs of the United Nations, since the organs at their first sessions need only rubber-stamp the decisions made after debate by the Preparatory Commission.

7. The discussion will be resumed and probably concluded at the next meeting of the Executive Committee on Monday, September 10th, at 4:30 p.m.

8. Since the meeting, I have learned that Noel-Baker was bound by a political decision of the Government to do his best to meet Stettinius' views.

9. One relevant consideration additional to those set forth in my despatch No. 7 is that the adoption of the United States proposal would mean that the Security Council would be in active operation for about four months before the General Assembly really begin working. This might tend to destroy the precarious equilibrium between the powers and prestige of the two bodies.

10. I should welcome your instructions on the general line which I should take on Monday. Ends.

**501.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2086 Ottawa, September 10, 1945

IMMEDIATE. SECRET. Following for Reid from Robertson, Begins: United Nations Committee telegram No. 2. Your No. 12 of September 7th.

1. I regret that we were not able to send you instructions on the timetable proposed by Stettinius in time for today's meeting. While we think that the practical considerations are in favour of a course on the lines of your suggestion to the Executive Committee you will appreciate that the dates set for the meeting of the Preparatory Commission or the Assembly are not matters on which we can take a strong stand. We have discussed this with Pearson and he agrees with this view.

2. If the United States proposals are approved, the work to be done by the Executive Committee will not be as important as seemed likely hitherto. We feel that it is unnecessary to circulate memoranda from the Canadian delegation and that your main part should be constructive criticism of proposals before the Committee and its sub-committees.

3. If you can send promptly copies of sub-committee documents, we shall do our best to give them some consideration here. Rasminsky has agreed to comment on papers relating to economic and social questions. He is not able to prepare original memoranda for circulation to the sub-committee nor could he go to London before November which now appears to be too late a date.

4. We are arranging for Mr. Turgeon to spend some weeks in London arriving as soon as possible in order to act as Pearson's successor. In addition to sitting on Executive Committee he could also attend the Court Sub-Committee and possibly more than this. He will inform Canada House of the time of his arrival.

5. We appreciate fully the difficulties with which you are confronted and will do what we can to find some further means of assisting you. The pressure on the Department, however, is now very great indeed.

**502.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2599 London, September 10, 1945

CONFIDENTIAL. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 13.

1. Committee on Assembly. C. K. Webster has proposed that Committee draft regulations on election of non-permanent members of Security Council which would enable Assembly to carry out its obligation to pay due regard to the criteria of Article 23. This is what we suggested at San Francisco. Committee will discuss this at an early meeting and then appoint Sub-Committee. If you could send me draft of kind of regulations you would like to see adopted, or at least some ideas, I should be grateful.

2. One way would be for Assembly first to elect a panel of ten or so States eligible under the first criterion, then to elect three or four out of this panel; and, when these had been elected, to establish a series of panels of the main geographical areas not represented on the Council, and to elect one State from each panel. Ends.

**503.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2600 London, September 10, 1945

CONFIDENTIAL. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 14.

1. Headquarters of specialized agencies. The United Kingdom delegation have, with the usual safeguards, presented a memorandum[1] to the Committee on Specialized Agencies advocating that the headquarters of all international specialized agencies should be at the seat of the United Nations Organization. They add that many of the new agencies and the United Nations itself will require branch offices; that conferences and meetings may be held occasionally in different countries; and that there may also be a considerable development of regional conferences.

2. Do you wish me to support this proposal in principle? My personal opinion is that the disadvantages of a single international civil service city may outweigh the advantages. I think, however, that Wrong, Pearson and yourself take the opposite line and shall, of course, be very happy to defer to your judgement. Ends.

**504.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2103 Ottawa, September 11, 1945

For Reid from Robertson, Begins: U.N. Committee telegram No. 3. Your No. 14 of September 10th.

In general you may support principle of a common headquarters for most of the large international agencies. Some of them, however, may best operate from a different headquarters. This would apply to organizations such as the Monetary Fund, Development Bank and the Civil Aviation Organization. Where the work of one Secretariat should be closely related to that of another (e.g., I.L.O. and Economic and Social Council) the advantages of a single headquarters are great. Similar considerations would probably apply if a commercial policy organization is created.

2. This is not a matter of very great importance and the final decision must be affected by the choice of the headquarters of the United Nations. Ends.

**505.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2606 London, September 11, 1945

IMMEDIATE. SECRET. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 16.

1. My telegram No. 12 of September 7th on the nature of the First Assembly. Yesterday afternoon's discussion was inconclusive on this point, but agreement was reached that the target date for the completion of the recommendations of the Executive Committee on organisational matters should be October 15th, subject to the possibility of a fortnights' postponement, and that the Preparatory Commission should be summoned as soon after this date as possible, assuming that by that date the Charter had come into force.

2. Hasluck and Noel-Baker took the lead in advocating that the First Assembly should not be purely an Organisational Assembly, but should discuss questions of substance. I supported them with concrete suggestion that the First Assembly meet two months after the conclusion of the Preparatory Commission, i.e., about January 15th or 21st.

3. I shall telegraph you immediately after this morning's meeting. Ends.

**506.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2616 London, September 11, 1945

IMMEDIATE. SECRET. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 17.

1. My telegram No. 16 of today's date. The Committee this morning decided that the Preparatory Commission should be convoked to meet in London between November 1st and 12th, on the understanding that two weeks interval would elapse between the completion of the recommendations of the Executive Committee on organizational questions and the first meeting of the Preparatory Commission. The general feeling of the Committee is that it will not complete its work until the end of October. The probability, therefore, is that the Preparatory Commission will meet on November 12th.

2. At its next meeting, on Thursday morning, the Executive Committee will try to decide when the first session of the General Assembly will be held. Stettinius is still pushing for a meeting in December. My guess is that the date will be fixed for January 1st, that the January meeting will be "primarily organizational in character," but that opportunity will also be provided for a general discussion on questions of substance, and that the Assembly will adjourn to meet again two or three months later.

3. The Executive Committee will, therefore, be working at top speed during the whole of October. Lester told me yesterday that he has informed Wrong of the proposal that the Supervisory Commission meet from October 12th-20th. It would be most valuable if Wrong could be in London for the rest of the month of October.

4. Perhaps either you or he, and also Rasminsky, could be here for the Preparatory Commission's meeting, beginning November 12th and lasting probably for three weeks.

5. Delighted to learn from your telegram No. 2 of September 10th of Mr. Turgeon's expected arrival.

6. The only two Canadian memoranda which have been circulated are two on the Secretariat,[1] which are based on draft FAO papers and were prepared in accordance with Mr. Pearson's instructions.

7. All ten sub-committees will begin meeting next week, probably six a day, two at a time. Subject to your instructions, I intend to attend regularly the Committees on Assembly, Security Council and Secretariat. Perhaps Mr. Turgeon might be able to attend the Committee on the League, as well as Court.

**507.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2621 London, September 12, 1945

IMMEDIATE. SECRET. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 18.

1. At the Secretariat Committee meeting tomorrow a vote will be taken on the duration of the appointment of the first Secretary General, it being understood that the tenure of subsequent Secretary Generals might be different. Only the Soviet and Chinese delegates have spoken in favour of a short term, the Soviet mentioning three years. The majority of the Committee appears to favour either seven years with a possible re-appointment for a further three years, or a straight ten year term without re-eligibility. The latter will probably be favoured by the three Latin American delegates, since this is the rule adopted at Chapultepec for the Secretary Generalship of the Pan American Union.

2. Subject to your instruction, I propose voting for the straight ten year term. Ends.

**508.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs to Acting High Commissioner in Great Britain*

TELEGRAM 2112 Ottawa, September 12, 1945

IMMEDIATE. Following for Reid from Robertson, Begins: U.N. Committee telegram No. 3. Your No. 18 of September 12th. While we consider three years too short a term for Secretary General there is a good deal to be said for an arrangement permitting a change in the office before ten years. Therefore you should support a seven or five year term with provision for re-election or extension. Ends.

**509.** DEA/5475-E-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] September 12, 1945

We are receiving a great volume of material, most of it of a technical nature, relating to the work of the Executive Committee of the United Nations Preparatory Commission in London, and I think you should have a note on how things are going.

With regard to our own representation, Mr. Turgeon should arrive there to take Pearson's place before the end of this week. I should like to strengthen our representation further by adding one or two competent junior men but at the moment I do not see how we can spare anyone else.

The timetable for getting the new organization under way is becoming clearer. Mr. Stettinius has suggested, on behalf of the United States Government, that the Executive Committee should finish by October 15th and that the full Preparatory Commission should then meet to consider the results, to be followed by the first meeting of the General Assembly in November, primarily to approve the necessary arrangements to get the Organization into active existence. This would include such matters as the election of the non-permanent members of the Security Council, the choice of members of the Social and Economic Council, the election of the Secretary General and a large number of other decisions.

Reid has just telegraphed that the probability is that the Executive Committee will not finish its work before the end of October and that the Preparatory Commission will meet about November 12th. He thinks that it will not be possible for an Assembly to be held until about January 1st and that the Assembly would be primarily organizational in character, although there would be an opportunity of discussion of some other questions of substance. The first regular Assembly would then be convened to meet in perhaps April of next year.

If matters turn out as Reid expects, we shall have to make provision for sending a delegation to an Assembly around Christmas. If that Assembly is concerned almost wholly with constitutional problems, the delegation need not be very large but it will have to include a number of those who were at San Francisco. The first regular Assembly, if it is held in the spring, would probably have a wide variety of business on its agenda and we might have to despatch a considerable delegation to it.

It seems on the whole most likely (although not yet by any means certain) that the headquarters of the new Organization will be established in the United States with San Francisco as the most probable choice in that country.

**510.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2131 Ottawa, September 13, 1945

SECRET. Following for Reid from Robertson, Begins: U.N. Committee telegram No. 4.

1. Your telegrams 16 and 17 of September 11th. It is unlikely that we shall be able to decide on our representation on Preparatory Commission for some time. In view of the congested programme it seems probable that there will be considerable discussion at the first Assembly of the recommendations on matters of organization, since governments may not have time to consider these recommendations as a whole until the Assembly is convened. Wrong has informed Lester that it is doubtful whether he can attend the October meeting of the Supervisory Commission.

2. We are not sure that great importance attaches to arrangements for the Assembly to discuss questions of substance at its first meeting and I think you need not press for a broad agenda. In view of the difficulties encountered in the operation of the Executive Committee, it may turn out that the preparation of the agenda for the first regular session of the Assembly can be done more effectively after the Secretary General has been elected by a preliminary Assembly.

3. We shall shortly let you have our ideas on questions raised in your telegram No. 13 of September 10th concerning choice of non-permanent members of Council. We doubt that effective regulations on this can be drafted in a hurry. Ends.

**511.** DEA/5475-E-40

*Le représentant suppléant, le Comité exécutif,*
*la Commission préparatoire des Nations Unies,*
*au secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Executive Committee,*
*United Nations Preparatory Commission*
*to Secretary of State for External Affairs*

No. 37 London, September 15, 1945

CONFIDENTIAL

Sir,

1. One of the subjects which came up recently at a meeting of the committee on the General Assembly concerned the admission of new members to the Organization.

2. I took advantage of the opportunity to put forward the suggestion which the Under-Secretary made on a number of occasions at the Coordination Committee in San Francisco, that new members should be required to accept the obligations of the Charter in some manner equally formal and binding as that in which the original members accepted the obligation.

3. I was asked to prepare a paper on the subject for the Committee but thought it wiser to suggest that the secretary to the committee prepare the paper.

4. In order to assist the Secretariat to prepare the paper I have given the secretary of the committee, Mr. Cordier, the attached memorandum of September 11.

I have etc.

ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du représentant suppléant, le Comité exécutif, la Commission préparatoire des Nations Unies*

*Memorandum by Alternate Representative, Executive Committee, United Nations Preparatory Commission*

[London,] September 11, 1945

ADMISSION OF NEW MEMBERS

1. *Provisions of Article 4.*

(1) A state (other than an original member) must, in order to become a member of the United Nations, "accept the obligations contained in the . . . Charter."

(2) The Security Council must decide that the applicant state is able and willing to carry out these obligations.

(3) The Security Council must recommend to the Assembly that the Assembly admit the state to membership.

(4) The Assembly must decide that the state is able and willing to carry out the obligations contained in the Charter.

(5) The Assembly must decide to admit the state by a two thirds vote.

2. Original members "accept the obligations contained in the Charter" by signing and ratifying the Charter.

3. It is essential that before any other state becomes a member it should accept the obligations in same equally formal and binding manner.

4. The simplest way in which new members could accept the obligations contained in the Charter would be by signing and ratifying it. But Article

110(4) may unintentionally prevent this since it says that states which sign and ratify become original members and the purpose of Article 3 is to restrict the privilege of original membership to the states participating in the San Francisco Conference and Poland.

5. Instead therefore of signing and ratifying, a new member might sign and adhere.

6. It is suggested that the procedure for the admission of new states be as follows:

(1) The applicant state writes a formal note to the Secretary-General requesting admission to membership; the request is accompanied by formal evidence (e.g. a resolution passed by the national legislature by the appropriate majority) that the application is supported by the body whose consent is necessary to ratification of a treaty.

(2) The application is laid by the Secretary-General before the Security Council which decides whether the applicant state is able and willing to carry out the obligations of the Charter.

(3) If the application is approved by the Security Council, the Secretary-General lays it before the Assembly which sends it to a committee to report on whether the applicant state is willing and able to carry out the obligations of the Charter.

(4) The Assembly, after considering the committee's report, votes on whether to approve the application.

(5) If the Assembly approves of the application the Secretary-General informs the applicant state that its application has been approved of and that its membership will become effective on the date on which it presents to the Secretary-General an instrument of adherence (approved of by its constitutional organ whose consent is necessary to ratification of a treaty) and signs the Charter.

(6) If the General Assembly is in session the presentation of the instrument of adherence and the signature should take place with due solemnity at a public plenary meeting of the Assembly.

(7) If the Assembly is not in session the state will become a member by presenting the instrument of adherence to the Secretary-General and by signing the Charter at a public ceremony in his presence. A formal ceremony of admission to the Assembly will take place subsequently at the opening of the next Assembly.

**512.** DEA/5475-E-40

*Le représentant suppléant, le Comité exécutif, la Commission préparatoire des Nations Unies, au secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Executive Committee, United Nations Preparatory Commission, to Secretary of State for External Affairs*

No. 42 [London,] September 16, 1945

CONFIDENTIAL

Sir,

1. Under cover of my despatch No. 38 of September 15, I transmitted to you a copy of the minutes of the fifteenth meeting of the Executive Committee held on September 13.[1]

2. The only subject discussed at this meeting was the proposal of Mr. Stettinius for the speeding up of the work of the Committee. The draft of Mr. Stettinius' proposal which the Committee was working on was PC/EX/3 of September 13.[2]

3. In the course of the discussion Mr. Nervo, the delegate of Mexico, proposed a compromise under which the first General Assembly would be held in two parts, the first part being mainly organizational and the second part taking place after as short an adjournment as possible.

4. This proposal met immediately with the approval of the Australian and Chinese representatives and it seemed clear that it provided a possible basis for agreement by the Committee. In order to crystallize discussion I suggested that the last three paragraphs of Mr. Stettinius resolution should be redrafted in accordance with Mr. Nervo's suggestion and that in this redrafting we should be as precise as possible and stick to the language of the Charter and of the Interim arrangements. The substitute which I proposed for the last three paragraphs read as follows:

"5-6-7

To recommend to the Preparatory Commission:

(a) That the first session be divided into two parts.

(b) That the first part should be primarily organizational in character, but prepared to refer urgent world problems to the organs of the United Nations established at this first meeting of the General Assembly.

(c) That the Assembly would then adjourn in order that the organs of the United Nations proceed promptly to organize themselves and undertake their respective tasks.

(d) That the second part of the first Session of the General Assembly should be convened as early in 1946 as the organization and work of the several organs of the United Nations permit."

5. This new draft was welcomed by the committee and M. Massigli, the chairman, urged that the committee immediately adopt it with a few verbal changes. In making this proposal M. Massigli must have realised that an immediate vote would have resulted in the Soviet delegation and their two followers either voting against the resolution or abstaining. He apparently felt that it was high time that the committee refused any longer to give in to the Soviet desire for excessive delay.

6. The Soviet, however, appealed for time for further consideration and a compromise was arrived at under which a vote would be taken without discussion at the beginning of the next meeting. In order to soften the blow to the Soviet a sub-committee was appointed to see if they could make a few minor changes in my draft in order to meet the Soviet position. When the sub-committee met the next morning Mr. Gromyko was in a much more conciliatory mood, with the result that without much difficulty we agreed on the addition of a new sub-paragraph which made it possible for the sub-committee to reach unanimity.

7. Even as drafted, however, the resolution of Mr. Stettinius was still in very imprecise terms and though its meaning might be clear to the members of the Executive Committee it would not be very clear to the other members of the Preparatory Commission. Consequently I suggested that when the resolution was sent out to the members of the Preparatory Commission there should be attached to it a draft of the agenda of the first part of the first session of the General Assembly.

8. This proposal, after a very brief discussion, was approved of unanimously by the sub-committee and as a result the committee on the General Assembly has held two long meetings on Friday and Saturday, September 14 and 15 in an effort to reach agreement on the draft agenda.

9. At yesterday afternoon's meeting, which lasted for three hours, we finally reached unanimous agreement on everything except the precise wording of a number of items and the draft agenda in this form will come before the Executive Committee tomorrow. Copies of it will be sent to you in the ordinary way under form letter despatch but for your convenience I enclose a copy.†

10. As soon as I brought forward my formula in the Committee it was supported by Mr. Hasluck of Australia. This aroused Mr. Gromyko's suspicion and he made a statement which Mr. Noel-Baker not unfairly paraphrased later. . . "some of the members of the committee who have views I do not like support this compromise and therefore I oppose it." Mr. Noel-Baker proceeded to give Mr. Gromyko a tough lecture on how impossible it would be for any committee to reach a compromise if the Soviet delegation took this line.

11. The net effect of the various decisions which it is likely that the Executive Committee is going to make, in the course of the next day or so, on the date, duration and nature of the meeting of the Preparatory Commission and of the first part of the first session of the General Assembly may be that the work which the Executive Committee would have done under Mr. Jebb's conception

of its activities will, to a considerable extent, be done by committees appointed by the Assembly and sitting during the period of the Assembly adjournment.

12. No matter how you slice up the work of the organizing of the United Nations the total amount of work to be done remains the same. Some of it can be done by the Executive Committee and some by the Preparatory Commission, some by the first part of the first Assembly and some by the second part of the first Assembly. I had hoped that virtually the whole work would be done by the Executive Committee and the Preparatory Commission so that the organs of the United Nations when they first met could rubber-stamp the rules, regulations and recommendations which the fifty United Nations had, after intensive study in the Preparatory Commission, agreed to. From the point of view of the prestige of the United Nations I think this would have been a good idea since the United Nations could then have set an example of getting down to work on questions of substance virtually as soon as the first Assembly met. Unfortunately, as a result of Mr. Stettinius' pressure and the Soviet desire to have the first Assembly do as little as possible the compromise which we are about to adopt will mean that the General Assembly and the other organs of the United Nations will have to do a great deal of the organizing work after they have been set up.

I have etc.

ESCOTT REID

**513.** DEA/5475-E-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au représentant suppléant, le Comité exécutif, la Commission préparatoire des Nation Unies*

*Associate Under-Secretary of State for External Affairs to Alternate Representative, Executive Committee, United Nations Preparatory Commission*

CONFIDENTIAL Ottawa, September 17, 1945

Dear Mr. Reid,

This letter contains some informal comment on your despatch No. 29 of September 10th† touching on points which arose in the Executive Committee and its sub-committees during the week ending on September 8th. With regard to the headquarters (your paras. 3-6) I would agree with the line taken by Mr. Gerig that the organs established by the Charter should have their headquarters in the same place and I think that you should support this line. I think it would also be convenient to have the headquarters of certain of the specialized agencies at the headquarters of the Organization, though not necessarily all of them. I would not, however, agree with Mr. Noel-Baker that it would be desirable to merge specialized agencies in the United Nations Organization. I think that the pattern of association is bound to vary in relation to the function performed. Would Mr. [Noel-]Baker extend his centralizing tendencies so as to include the I.L.O.?

We would certainly save time and trouble if English and French were recognized as the working languages of the Organization and also as the official languages. If other languages are included as official languages, the Organization may later be hung up by demands for translations of copious documents into Russian, Chinese and Spanish before they are considered. Therefore, if agreement can be secured on two languages only, this would have strong advantages on purely practical grounds (your paras. 7 and 8.)

With regard to the admission of new members, I think that the Soviet Government is anxious to secure the admission of the Eastern European ex-enemy states as soon as possible. We can scarcely oppose this provided that they have Governments which most of the United Nations are prepared to recognize. It would, however, be rather deplorable if Bulgaria, for example, were admitted to the United Nations before Sweden, Switzerland and Ireland.

I would agree with the line taken by Messrs. Gerig and Webster and yourself on the office of the Secretary-General as reported in your paragraph 10.[113] If the Security Council operates fairly smoothly from the start — and that is a large assumption — the Secretary-General's power of initiative will probably in fact become a reserve power. I feel, however, that full participation of the Secretary-General in the discussions of the Council should at least not be ruled out by anything in the rules of procedure. I am not sure about the wisdom of adopting a regulation forbidding the Secretary-General to take employment under his own government after he has vacated the office. It would be a rule which would be hard to enforce in practice and which might lead to reluctance on the part of a desirable candidate to accept the post. The aim on the whole is to be commended but I am hesitant about making it a rule.

With regard to the observations of the Soviet delegation reported in your paragraphs 13-15, we are, I am afraid, going to have a great deal of trouble with the Soviet Government over establishing a working relationship between the United Nations and the I.L.O. The Soviet Government's demand for "democratic changes" in the constitution of the I.L.O. is another irritating example of their abuse of the word democracy. It may prove necessary to define the relationship with the I.L.O. over Soviet opposition. It seems to me also rather absurd to argue that the declaration of January 1st, 1942, should be taken as having anything to do with the establishment of the new Organization and I assume that the Russians will not press this point.

Yours sincerely,

H. H. WRONG

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[113]Ces trois personnes avaient appuyé la proposition voulant que le secrétaire général puisse participer aux discussions du Conseil comme représentant de l'intérêt général.
The three had supported the proposition that the Secretary-General could participate in discussions of the Council as a representative of the general interest.

**514.** DEA/5475-E-40

*Le représentant suppléant, le Comité exécutif, la Commission préparatoire des Nations Unies, au secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Executive Committee, United Nations Preparatory Commission, to Secretary of State for External Affairs*

No. 39 [London,] September 17, 1945

CONFIDENTIAL

Sir,

1. Unlike most of the other committees, the committee on the Secretariat has been making fairly rapid progress. This is fortunate because it has more work to do than any of the other committees.

2. The effectiveness of the committee is largely due to the ability of the chairman, Dr. Pelt, and to the fact that it has had as chief of section Mr. David Owen to begin with and now Mr. Martin Hill.[114] The work of the committee may slow down somewhat when its chairman, Dr. Gavrilovic[115] arrives, but perhaps by that time most of the work of the committee will be being done by sub-committees.

3. Mr. Roschin is the Soviet representative on the committee and like Professor Krylov is a lot more conciliatory than Mr. Gromyko.

4. On the whole the Soviet line on this committee has not been extreme, though most of the differences of opinion are usually between the Soviet group on the one side and the rest of the committee on the other.

5. Up to the present the main discussion has been over the office of Secretary-General and Dr. Pelt and Mr. Martin Hill are now preparing the first draft of a report on this subject which will be submitted to the committee at one of its early meetings.

6. The only question of substance on which the committee has so far voted is the term of office of the Secretary-General. After long discussion it became clear that all the members of the committee except the Soviet group favoured either a five year term renewable for five years, or a seven year term renewable for three years, or a straight ten year term. The committee, therefore, had to decide whether to state this in its report or to attempt to reach a compromise which two-thirds of the members of the committee would support. The compromise suggested was a five year term subject to a five year renewal and in accordance with your instructions[116] I supported this compromise which was

[114]Adjoint principal du secrétaire général, Société des Nations.
Principal Assistant to Secretary-General, League of Nations.

[115]Dr Stefan Gavrilovic, sous-secrétaire d'État aux Affaires étrangères de Yougoslavie.
Dr. Stefan Gavrilovic, Under-Secretary of State for Foreign Affairs of Yugoslavia.

[116]Document 509.

adopted unanimously by the committee, with the Soviet Union, Czechoslovakia and Yugoslavia abstaining from voting and with Mexico and Iran absent.

7. As I have reported before, the feeling of the majority of the members of the committee is that the Secretary-General should not take office under any national government after his retirement. Tentatively, however, the committee has decided against putting this in its report, but I think the matter will be reopened when we discuss the actual draft of the report.

8. I should, therefore, be grateful if you would inform me by telegram of the line which you would like me to take on this. My feeling is that some reference at least should be made in the report to the belief of the majority of the Committee that it is undesirable that an ex-Secretary-General should take office under any national government. I am not sure whether we should go further and recommend that it be a condition of the appointment of the Secretary-General that he agree not to take office under any national government after his retirement.[117]

9. The rule which is applied to the Secretary-General should perhaps logically be applied also to at least one of his principal assistants, the man who will be in charge of the political and security division or department of the Secretariat, since he also will become the repository of the confidences of member states. Even if both these men are precluded from accepting office under a national government they ought to find no difficulty in making a living since other international organizations, both official and unofficial, would be glad to secure their services and they would also, if they turned out to be first-rate men, be offered high academic posts.

10. The Committee has just begun the discussion on the number and nature of the principal officers of the Secretariat. I prepared a rough draft of a memorandum on this subject which I showed to Professor Webster, Mr. Gerig (United States representative) and Dr. Pelt. Dr. Pelt and Mr. Gerig told me that they were in substantial agreement with it and that they thought it would be useful if I put it before the Committee. I, therefore, had it submitted (PC/EX/SEC/14, Sept. 15).† It was put before the Committee on Saturday morning after the discussion on the subject had been going on for an hour or so, and its submission was welcomed by the Committee and served to crystallize the discussion.[118]

11. The only substantial point of difference which has so far emerged in the discussions in the Committee on the principal officers is that the Soviet delegation wish to have a separate director and division of the Secretariat on

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[117]Note marginale:/Marginal note:
I've already told Reid I don't agree in my letter of Sept. 17th. H. W[rong] 22/9/45.

[118]Le mémorandum proposait qu'il n'y ait pas de secrétaire général adjoint et que les directeurs soient choisis parmi les principaux agents, dont le plus ancien remplirait les fonctions de secrétaire général adjoint advenant l'absence ou l'incapacité du secrétaire général.
The memorandum proposed that there should be no deputy secretary-general and that the principal officers should be the directors of divisions, of whom the senior in precedence could become Acting Secretary-General in the event of the absence or incapacity of the Secretary-General.

Assembly matters and a separate director and division on Security Council matters. Professor Webster gave general support to the Soviet position. His argument seemed to be that since the Council had primary responsibility in political and security matters the section of the Secretariat dealing with these matters should come directly under the Council.

12. The compromise which Mr. Gerig favoured was that there should be one department on political and security matters and that under this department there would be three divisions, each under a director: a political division, a security division and a military staff committee division. The third division would serve only the Security Council but the other two would serve both the Security Council and the General Assembly. I had made very much the same suggestion in presenting my paper, since I had said there would be a military staff committee section of the political and security division.

13. Mr. Gerig and I have been asked to prepare a common proposal to go before the next meeting of the committee and I do not think we will have any difficulty in reaching an agreement.

14. In presenting my memorandum, I, of course, emphasized that like all other papers submitted by delegations at this time it did not bind the Canadian delegation but was merely a working paper submitted as a basis for discussion.

15. In putting forward the suggestion that there should be one political and security division of the Secretariat I said that both the Assembly and the Security Council had responsibilities in the political and security field; the line of demarcation between the responsibilities of each had been laid down in the Charter, but it was impossible to define precisely the boundary between the responsibility and powers of each organ and that it was, therefore, necessary to face the fact that it was virtually inevitable that there would be a struggle for power between the Assembly and the Security Council in the political and security field.

16. Even though the struggle might be inevitable we should do our best to ensure that it did not extend down through the Secretariat but that the Secretariat remained in fact as well as in theory a joint Secretariat for both organs of the United Nations; it would be most dangerous if some people in the Secretariat came to be known as "Assembly men" and some as "Security Council men."

17. When you have received the joint proposals of Mr. Gerig and myself which Mr. Martin Hill is now drafting, I should be most grateful if you would let me know by telegram what you think of them.

18. The interpretation of the first sentence of paragraph [?] of Article 101 of the Charter which refers to appropriate staffs being "primarily assigned" to organs of the United Nations, has caused difficulty in the Committee. I said that my interpretation was that the Secretary-General has complete authority to move specialists from one division of the Secretariat to another division, but that he must always provide each organ with an adequate specialist staff.

19. An interesting discussion took place at the second meeting of the Committee (PC/EX/SEC/4 Sept. 4) on the general character of the Secretariat

and problems of its recruitment. Mr. Noel-Baker pushed hard for the creation of an international civil service commission which would protect the Secretary-General against pressure from member nations. Mr. Roschin made the point that one could not interpret the criterion of the "highest standards of efficiency, competence and integrity" as applying only to short run considerations. He argued that in the short run the most efficient secretariat might be one recruited from one single state, but that in the long run the Secretariat could only be efficient if it were recruited on a wide geographical basis. I thought it wise to support him on this and to point out that the Committee had indeed already decided that, even though you might get the most efficient initial Secretariat by appointing a large number of rather young men, nevertheless long run considerations of efficiency demanded that in the initial appointments a proper age balance should be established in order to provide reasonable chances for promotion and to give the Secretary-General continuous opportunities of adjusting his staff to changing needs.

20. Mr. Roschin had said that Soviet citizens would have difficulty in qualifying for posts on the Secretariat on pure grounds of efficiency and competence because of language difficulties and because there were few people in the Soviet Union who had training in the problems of international administration. In order to help overcome these difficulties I suggested that, to begin with, a large number of probationary appointments should be made to the Secretariat of persons who do not possess an adequate knowledge of one of the two working languages, English and French, and who had not had experience in international administration. These probationaries, during the one or two years of their probationary period, would then receive "In-service training" in the administrative methods of the organization and in language so that the best of them at the end of their probation would be qualified to be given permanent appointments. These suggestions were welcomed by the Committee and will, I think, find their way into the final report. Having gone thus far to meet the Soviet position I thought I could launch an attack on the argument which Mr. Roschin, supported by Mr. Victor Hoo and Mr. Lisicky (Czechoslovakia) had put forward, that the Secretariat should include persons capable of representing the present views of their governments. I said that it seemed to me that the seat where the headquarters of the Organization was located was going to be full of people representing the present views of their governments, that there will indeed be an embarrassing wealth of talent for the Secretary-General to consult. Most, if not all, members would maintain a diplomatic mission at the headquarters, the head of which would probably have the rank of Ambassador, the states represented on the Security Council would have permanent representatives who might not necessarily be the same as their ambassador to the United Nations, the national representatives on the Economic and Social Council and Trusteeship Council would be visiting the headquarters frequently and the headquarters would also be visited by special missions. Moreover it is possible that the United Nations would have branch

offices throughout the world and these could report on the views of national governments.

I have etc.

ESCOTT REID

**515.** DEA/5475-E-40

*Le représentant suppléant, le Comité exécutif, la Commission préparatoire des Nations Unies, au secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Executive Committee, United Nations Preparatory Commission, to Secretary of State for External Affairs*

No. 44 [London,] September 18, 1945

CONFIDENTIAL

SPECIALIZED AGENCIES

Sir,

1. The most interesting development in the committee on specialized agencies has been the drive by the United Kingdom delegation for a much closer integration of the specialized agencies with the United Nations than was contemplated by the framers of the San Francisco Charter.

2. The general approach by the United Kingdom delegation is set forth in the two papers which they have submitted (SA/8 and SA/9 of Sept. 7)[1] Mr. Fleming, the United Kingdom representative on the committee, made clear at the meeting of the committee on September 10 that there had been a change in United Kingdom policy since San Francisco. He said that they now felt rather more strongly than at San Francisco that there may be room for new specialized agencies which could, under their basic instruments, accept a greater degree of control by the United Nations. They were also now more strongly in favour than at San Francisco, of a common secretariat and a common budget for the specialized agencies of the United Nations.

3. The United Kingdom paper immediately precipitated attacks from the other members of the committee, particularly M. Raoul Aglion, the French representative. I took the general line which the Under-Secretary had taken on the Coordination Committee at San Francisco that satisfactory working arrangements between the specialized agencies and the United Nations could be secured only as the result of a freely negotiated agreement between the United Nations and the specialized agencies and that we would prejudice our chances of getting such an agreement if the language used in any recommendation of the committee could be interpreted by a specialized agency to mean that we were going to try to bludgeon them into giving up their autonomy. I also said that we ought to distinguish clearly between agreements with existing specialized agencies which had to be negotiated and agreements with new

specialized agencies which might be created on the initiative of the organization under Article 59. Such an agency might under its constitution be made virtually subordinate to the United Nations.

4. I also took advantage of the opportunity to draw attention to the fact that the agreements with the agencies, though negotiated by the Economic and Social Council, would be between the agency and the whole organization; that under Article 65 the Economic and Social Council was required to assist the Security Council, upon its request; that under Article 48, paragraph 2, the decisions of the Security Council for the maintenance of international peace and security were to be carried out by the members of the United Nations through their action in the appropriate international agencies of which they are members; that the Security Council would no doubt request the Economic and Social Council to include in an agreement with a specialized agency a provision under which that agency would be subject to the orders of the Security Council relating to the imposition of economic sanctions and that the members of the United Nations were bound by the Charter to support, within the specialized agencies, the inclusion of such a provision in the agreement.

5. A summary of this discussion is contained in the report of the fifth meeting of the committee held on September 13 (SA/14).[†]

I have etc.

ESCOTT REID

**516.** DEA/5475-E-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] September 20, 1945

MEMORANDUM FOR THE PRIME MINISTER

I sent you a note the other day[119] on the anticipated timetable for bringing the United Nations Organization into active existence. I attach a copy of a telegram of September 17th[†] which gives the text of a resolution passed by the Executive Committee that day. While exact dates for the various meetings cannot yet be determined the general programme is now fairly clear. It is as follows:

1. Executive Committee to complete its report to the Preparatory Commission by November 1st at latest and if possible by October 15th.

2. Full Preparatory Commission (on which all signatories of the Charter are represented) to meet a fortnight later provided that the Charter has been ratified by twenty-nine states, including the great powers. It seems likely that the necessary ratification will have been deposited within the next month or so

[119]Document 510.

and it is, therefore, probable that the Preparatory Commission will meet in the first half of November.

3. The Preparatory Commission to convene the General Assembly as soon as possible after it has taken the necessary action on the report of the Executive Committee with a target date of December 4th. I should think that this date was unlikely to be realized and that the Assembly would more probably not come together until three or four weeks later.

4. The first Assembly to deal at once with the steps necessary to organize the United Nations, including the establishment of the Security Council and the Social and Economic Council and the election of the Secretary General. At its first meetings the Assembly might also refer to these other organs of the United Nations urgent world problems.

5. The Assembly then to adjourn so that the other organs may begin to operate and to meet again in the second part of its first session early in 1946 (not later than April 25th) to discharge its regular functions.

The Executive Committee seems to be getting down to work fairly rapidly after long delays at the beginning. It is operating now mainly in ten sub-committees. The programme, however, is certainly on the optimistic side from the point of view of timing since it seems to assume fairly ready agreement by the Executive Committee with the reports of its sub-committees, by the Preparatory Commission with the proposals of the Executive Committee and by the General Assembly with the proposals of the Preparatory Commission. If we are to seek representation on both the Security Council and the Social and Economic Council, we shall probably have to do a little private electioneering, and I think that we should reach a decision on this in the near future. Our part in the war would seem to me certainly to entitle us to representation on the Security Council and our general economic importance qualifies us for membership on the Social and Economic Council which has eighteen members all elected by the Assembly.

[HUME WRONG]

**517.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2186 Ottawa, Septemb ., 1945

CONFIDENTIAL. Following for Turgeon from Robertson, Begins: U.N. COMMITTEE telegram No. 6. Reid's telegram No. 13 of September 10th.

1. Our feeling is that it will not prove possible to draft now satisfactory regulations governing the election of non-permanent members of the Council and we think it preferable that this should be deferred. It may prove easier to

prepare rules when the Council is a going concern with only three vacancies occurring annually.

2. The criteria of Article 23 have been followed fairly successfully in selecting the 14 members of the Executive Committee. Perhaps the most satisfactory approach to the problems of the first Assembly is to consider how best to reduce from 9 to 6 the number of smaller states now represented on the Executive Committee. The countries which could most properly be eliminated would include Chile, one of Czechoslovakia and Yugoslavia, and one other which might be Iran or Australia. It is to be remembered that three of those chosen for the first Council will serve for only a one year term.

3. Among the arguments against preparing definite regulations at present are the following:

(a) Relevant tests of the criteria in Article 23 will be the military commitments to be made under Article 43 and the scale of contributions yet to be established.

(b) An important consideration omitted necessarily from Article 23 is the condition of dependency on a permanent member of the Council. If exact standards were formulated, we might find it hard to resist a demand for the election of the Ukraine.

(c) Until all the United Nations organs are in operation it cannot be judged which members contribute most to the economic, social and other purposes of the Organization.

(d) In its first years at any rate one of the best guides to the relative contribution of members is what they accomplished during the war.

I suggest that you should talk on these lines privately in the first place to Webster and others, without repudiating the idea which we sponsored in San Francisco that regulations ought eventually to be adopted by the Assembly. Ends.

**518.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

PERSONAL AND SECRET London, September 21, 1945

Dear Mr. Robertson,

1. Noel-Baker had a dinner of about a dozen people of the British Commonwealth on Friday night, September 14, to discuss various problems relating to the Executive Committee. The Australians were Evatt, Hasluck and Tange; the Canadians Mr. Turgeon, Hudd, Holmes and myself; the United Kingdom Noel-Baker and C. K. Webster; the South Africans were represented by the High Commissioner, Nichols, and New Zealand by their Acting High Commissioner, Campbell.

2. The day before the dinner Noel-Baker had told me in the strictest confidence that he was having great difficulty with Stettinius who was putting very heavy pressure on him to force him to agree to his proposals on the dates and character of the meetings of the Preparatory Commission and General Assembly. While Noel-Baker was willing to compromise on the date of January 1 for the General Assembly, he saw great practical difficulties in the way of holding the Assembly in London beginning the first week in December.

3. Stettinius said that if the Assembly could not be held here in December it would have to be held in the United States in January and that he could rally China and the Soviet Union to his side. He then pressed Noel-Baker for a meeting of the Big Five in order that the Big Five should present the Executive Committee with an agreed recommendation.

4. Noel-Baker said to me that he greatly disliked the Big Five arranging these things behind the scenes and that he would be in a stronger position to resist the drive for secret meetings of the Big Five members of the Executive Committee if I would raise the matter at the Commonwealth dinner, since he was sure that Evatt would pick up the ball.

5. During the discussion after dinner, when we had spent some time in discussing the possible headquarters of the United Nations and a possible secretary-general, I raised the question of Big Five meetings, saying little more than what was contained in your telegram to me, No. 1863 of August 15. Evatt, of course, immediately jumped at the bait and reinforced my argument by citing with approval Mr. Mackenzie King's recent telegram about five power meetings.[120]

6. The results, I think, have been beneficial in two ways — we have been able to make again the point made in your telegram No. 1863 and Noel-Baker has been provided with some additional ammunition to use when discussing with Bevin and Attlee how far the United Kingdom ought to go in resisting the pressure of Gromyko and Stettinius for five power penthouse meetings.

7. The main subject discussed at the dinner was the location of the permanent headquarters of the United Nations. Noel-Baker put forward his arguments for Geneva, to which I gave general support in accordance with the guidance given me in Wrong's letter to me of August 30.[121]

8. Evatt plumped hard for San Francisco on the ground of its proximity to the Far East.

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[120]Le volume 10, document 634./Volume 10, Document 634.
[121]Document 498.

9. He got, however, no support from the other people present. The South African and New Zealand representatives expressed their own personal preference for Geneva though they were careful to say that they did not know what the views of their governments were.

10. In my brief intervention I emphasized the severely practical consideration that if we were to go anywhere else but Geneva we would have to camp for the first few critical years of the life of the Organization.

11. Noel-Baker linked together the choice of the secretary-general and the choice of the headquarters. He has told Stettinius that if the headquarters is in Europe he would support the choice of a United States citizen as secretary general. "Within these four walls and not for repetition outside" he said that the three Americans he had in mind were Winant, Eisenhower and Stassen.[122] The only other name suggested in the course of the discussion was Bruce[123] of Australia, whose name was put forward by the New Zealand representative. My guess is that [Noel-]Baker shows a lack of knowledge of American politics in believing that Stassen would consider the appointment; that as long as Stassen believes that he has a chance for the Republican nomination for the Presidency in either three or seven years time he would not accept the post; and that even though all the other possible candidates for the Republican nomination are ganging up against him, I should not imagine that he has yet given up the fight as hopeless.

12. The possibility of course remains that he might accept the appointment and then, after two years, resign in order to campaign for the Republican nomination, but this would be hardly fair to the Organization and I do not think he would do it.

13. Winant's virtues are obvious but he suffers from the great drawback that the delivery of a public speech is such a travail and heavy burden to him that the process is as painful to the audience as to himself. Out of Noel-Baker's list it seems therefore that Eisenhower is the only possibility. Whether he would take it is another matter. He, of course, suffers from having no direct knowledge and experience of the discussions at Dumbarton Oaks, San Francisco and here which are leading up to the organization of the United Nations.

14. I am sending a copy of this letter to Canada House.

Yours sincerely,

ESCOTT REID

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[122]Harold Stassen, chef de l'état-major adjoint de l'admiral W. F. Halsey, (Commandant de la Flotte américaine dans le Pacifique Sud); délégué des États-Unis à la Conférence de San Francisco; ancien gouverneur du Minnesota.
Harold Stassen, Assistant Chief of Staff to Admiral W. F. Halsey, (Commander, United States Fleet in South Pacific); United States delegate, San Francisco Conference; former Governor of Minnesota.

[123]S. M. Bruce, haut commissaire de l'Australie en Grande-Bretagne.
S. M. Bruce, High Commissioner of Australia in Great Britain.

**519.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2733 London, September 21, 1945

SECRET. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 26. General Assembly.

1. The Netherlands delegation is informally sounding out a number of members of the Committee on a draft proposal which they are considering introducing providing for the establishment of a subsidiary organ of the General Assembly under some such title as "Standing Committee of the General Assembly on Peace and Security." Pelt consulted me yesterday and hopes to give me today draft of proposed text which I shall telegraph to you[1] in view of its importance.

2. Pelt advances the following arguments:

(a) Such an organ would operate when the Assembly is not in session. Failure to set it up will increase the probability that the General Assembly will remain in continuous session with a series of adjournments in order that its Political and Security Committee can remain in existence throughout the year. This may not be contrary to the letter of the Charter but it may be difficult to reconcile with its spirit, especially in the light of the provisions for special as well as annual sessions.

(b) The General Assembly is charged under the Charter with serious responsibilities in the political and security field (see paragraph 2, page 35, of our report to Parliament). The existence of a permanent subsidiary organ making studies, reports and recommendations to the General Assembly would lessen the danger that the Assembly might discuss delicate issues in an unwise and even dangerous fashion.

(c) The need for having a large number of special sessions of the Assembly to discuss urgent political and security questions would be diminished. A custom might grow up under which member States would refrain from asking for a special session unless the calling of such a session had been recommended by the subsidiary organ.

(d) The Assembly has the Economic and Social Council and the Trusteeship Council to advise it on the carrying out of two of its important responsibilities but has no similar organ to advise it on the carrying out of its most important responsibility, that in the political and security field. Ends.

**520.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2734 London, September 21, 1945

CONFIDENTIAL. Following for Robertson from Reid, Begins: United Nations Committee telegram No. 27.

Turgeon is attending Committees 5, 9, 10 on the Court, League and General respectively. I am attending Committees 1, 2, 6 on the Assembly, Security Council and Secretariat respectively. The number of Committee meetings per week is being increased and Sub-Committees are also being formed. We regret, therefore, that we have no time to attend any of the meetings of the other four Committees, or even to read their documents. Consequently, if any contribution is to be made by Canada to the work of these four Committees, it will be necessary for you to send us memoranda in a form suitable for transmission, without change, to the Secretary of the Committee concerned. Ends.

**521.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs to Acting High Commissioner in Great Britain*

TELEGRAM 2200 Ottawa, September 22, 1945

CONFIDENTIAL. You may have seen Reid's telegram 2734 of September 21st concerning sub-committees of Executive Committee. We are concerned that it is proving impossible in London to attend or follow proceedings of sub-committees dealing with finance, the Social and Economic Council and relations with specialized agencies. If papers are not read until they reach here, there will be considerable delay and in any event we cannot form here a clear impression of course of discussions and general atmosphere.

We realize pressure under which Canada House is working but hope you can arrange with Turgeon and Reid for proceedings in these three sub-committees to be followed by members of your staff. This need not mean attendance at sub-committee meetings but papers should be read in London and points of interest to Canada discussed with representatives on Executive Committee. The sub-committee on Trusteeship can be left alone for the present.

Please discuss with Turgeon and Reid what can be done and report joint views.

**522.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2224 Ottawa, September 26, 1945

SECRET. Following for Reid from Robertson, Begins: U.N. Committee telegram No. 7. Your telegram No. 26 of September 21st.

1. I doubt the wisdom of pressing for adoption at this stage of proposal for a Standing Assembly Committee on Peace and Security. This would certainly arouse strong opposition from some of the great powers and we cannot in fact estimate clearly the need for such a committee until the Security Council and the Assembly are in operation. If the need is felt, the Assembly can always take action itself. You should not support Pelt's plan unless it turns out to be acceptable to the permanent members of the Council. Ends.

**523.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2782 London, September 26, 1945

Further to my telegram No. 2753, September 24th,[1] regarding proceedings of sub-Committees of the Executive Committee United Nations.

1. Reid tells me that it is now probable that the ten Committees will conclude their activities on October 10th, so that Executive Committee can approve the final report on October 15th. The Finance Committee had its first meeting today, but the Committees on the Economic and Social Council and on Relations with Specialized Agencies are now more than half way through their work, and it would be difficult for someone who is new to the problems to know what points were of particular interest to Canada.

2. It now seems probable that the Preparatory Commission will meet for three weeks or more beginning November 1st, will break up into Committees and will be expected to complete the work which the Executive Committee is going to be unable to do itself. Therefore, there would be an opportunity, if Canada is adequately represented at the Preparatory Commission, for us to have the reports of the Committees on which we are not represented revised to fit our views.

I should be grateful for your views.

**524.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2243 Ottawa, September 27, 1945

Your telegram 2782 of September 26, United Nations Executive Committee. Proceedings of Finance Sub-Committee are of particular interest to us as a fairly large contributor and I hope you can make arrangements to see that they are currently followed. We wish to see the load fairly distributed in accordance with capacity to pay and to ensure that same principles are applied in determining quotas of all members large and small. The United States, for example, under I.L.O. scale contributes far less proportionately than Canada.

2. We can perhaps let matters rest with respect to the other two sub-committees you mention although both are dealing with matters of particular interest to us. One problem is that we are going to have difficulty in sending a large enough delegation to the Preparatory Commission.

3. Please discuss with Turgeon and Reid how financial matters can best be followed.

**525.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2836 London, October 1, 1945

SECRET. Following for Robertson from Turgeon, Begins: United Nations telegram No. 35.

1. The Executive Committee will probably hold closed session on Wednesday afternoon to discuss the seat of the Organization and the Secretary General. Names of possible places and persons will be discussed.

2. The advocates of Geneva may try to discuss the matter as Europe versus the United States, but the issue may narrow to Geneva versus San Francisco.

3. The only persons who have so far been mentioned informally for the post of Secretary General are, Van Kleffens,[124] Van Royen, Pelt, Winant, Stassen, Eisenhower, Noel-Baker, Robertson, Wrong and Pearson.

4. The United States liaison officer at the Conference has indicated that he considers Winant and Eisenhower unsatisfactory and mentioned Van Royen as a possibility. The Americans obviously realize the political difficulties of

[124]E. N. Van Kleffens, ministre des Affaires étrangères des Pays-Bas.
E. N. Van Kleffens, Netherlands Foreign Minister.

having the first Secretary General an American if the seat is in the United States and two of them have indicated preference for Robertson or Wrong.

5. I should be grateful for any guidance you can give me for Wednesday's meeting.

6. The Executive Committee on Saturday approved, in principal, of Committee 10's report on qualifications of the headquarters and agreed that all the principal organs, other than the Court should be located at the seat of the United Nations. Victor Hoo[125] and Massigli wanted to leave open the possibility of some principal organ being located elsewhere, but in view of unanimity of other members of the Committee withdrew their opposition. Ends.

**526.** DEA/5475-E-40

*Le secrétaire d'État par intérim aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs to Acting High Commissioner in Great Britain*

TELEGRAM 2294 Ottawa, October 2, 1945

SECRET. Following for Turgeon from Wrong. Begins: United Nations telegram No. 10.

Your No.35. I think you should be non-committal on both questions coming before the Executive Committee. No official policy has been settled either on most desirable headquarters or on candidates for Secretary General. Opinion in the Department leans towards Geneva and an American Secretary General, but this is not firmly held. Presumably Wednesday's discussion is only preliminary.

**527.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2861 London, October 2, 1945

My telegram No. 2838 of October 1st.' United Nations Executive Committee.

Have you any further instructions for Le Pan, who is sitting on the Finance Sub-Committee, over and above those contained in your telegram No. 2243 of September 27th?

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[125]Victor Hoo, directeur, Bureau permanent de la délégation chinoise à la Société des Nations et ministre de la Chine en Suisse; membre de la délégation chinoise au Comité exécutif.
Victor Hoo, Director, Permanent Office of Chinese Delegation to League of Nations and Minister of China in Switzerland; member, delegation of China to Executive Committee.

In particular, have you any comments on working paper drawn up by the United Kingdom delegation which was dated the 28th September[1] and was forwarded to you by Mr. Reid?

**528.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2867 London, October 3, 1945

IMMEDIATE. CONFIDENTIAL. Following for Wrong from Reid, Begins: United Nations Committee telegram No. 38. My telegram No. 30 of September 27th.[2]

1. The Assembly Committee will shortly have to vote on the following proposal:

The President of the Preparatory Commission, as the temporary President of the First General Assembly, should nominate, say, ten States as members of a Nominating Committee; this Committee should limit itself to the nomination of the President and Vice-Presidents of the Assembly and the Chairman of its Committees who would together form the General Committee of the Assembly; in proposing candidates for these offices the Nominating Committee should take into account personal competence and geographical distribution; the General Assembly and the Committees concerned would retain the right to accept or reject the nominations or to make additional nominations from the floor.

2. It seems to me that, since the members of the First Assembly will know each others capacities well because they will have worked together in the Preparatory Commission, the case for a Nominating Committee in the First Assembly may be weaker than for a Nominating Committee in subsequent Assemblies. The Soviet group insist that the Nominating Committee should nominate States for Chairman of the Committees and not persons.

3. I should be grateful for your guidance on the two questions of a Nominating Committee for the first and for subsequent Assemblies. My personal inclination would be to vote in favour of a Nominating Committee, on the following conditions:

(1) That it nominate persons purely on grounds of personal competence for the Chairmanship and Vice-Chairmanship of Committees, subject to the one qualification that not more than one Committee Chairman should come from any one State;

(2) That the nominations of either States or the first delegates of States as Vice-Presidents of the Assembly should be such as to ensure an adequate geographical distribution of membership of the General Committee.

4. We are, I assume, opposed to this Nominating Committee or any other Committee being given the right to nominate members of the Councils. Ends.

**529.** DEA/5475-E-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2317 Ottawa, October 4, 1945

CONFIDENTIAL. Following for Reid from Wrong, Begins: U.N. Committee telegram No. 12. Your telegram No. 37 of Oct. 3rd.[1]

1. On the question of whether there should be one or two Assembly Committees in the economic and social fields, we strongly support the view expressed by the majority in the Sub-Committee, i.e. that there should be two Committees.

2. While it is true that all the subject matter of the Economic and Social Council is part of the welfare work of the Organization, different types of experience will be required for the consideration of different aspects of the work. We fear that as a result of having only one Assembly Committee, not all of the problems will receive adequate consideration. Ends.

**530.** DEA/5475-E-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain.*

TELEGRAM 2318 Ottawa, October 4, 1945

CONFIDENTIAL. Following for Reid from Wrong, Begins: U.N. Tel. No. 13. Your telegram No. 36. Rules of procedure for the Assembly.

We are in general agreement with the Secretariat text[1] of the draft rules of procedure of the General Assembly and with most of the tentative suggestions put forward by the Canadian delegation for the amendment of the Secretariat draft. We have the following comments to make.

(a) With regard to Rule 7, paragraph 3 of the Secretariat draft, you suggest substituting "the senior Vice-President shall act as President" to take the place of the Secretariat draft provision that the President shall "appoint a Vice-President to take his place." It does not seem desirable to introduce the idea of seniority among the Vice-Presidents. The Secretariat draft therefore seems preferable on this point.

(b) Your suggestion regarding Rule 5, paragraph 3 of the Secretariat draft is that reports from the International Court of Justice and from "subsidiary organs of the General Assembly" shall be added to the list of reports to be placed on the provisional agenda of the regular session of the Assembly. We are in agreement regarding reports from the International Court of Justice, but

are not clear as to the precise meaning of your suggestion regarding "reports from subsidiary organs." Reports from such organs as the Economic and Social Council, Trusteeship Council and Security Council are already provided for, whereas genuinely subsidiary organs such as e.g. a commission on employment, should report not direct to the General Assembly but through the organ to which they are responsible. In the case of an employment commission, for instance, this would be the Economic and Social Council.

(c) Rule 2, paragraph 2 of the Secretariat draft. Your suggestion is that in the case of special sessions, the summons shall be addressed to the Members not less than 10 days before the date fixed for the opening of the session, rather than 15 days as proposed by the Secretariat. On balance we prefer the 15-day period suggested by the Secretariat. Ends.

**531.** DEA/5475-E-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2320 Ottawa, October 5, 1945

Your telegram No. 2861 of October 2. United Nations Committee.

1. We consider the working paper on financial arrangements[1] presented by the United Kingdom delegation to be a satisfactory basis. It proposes in effect the adoption of the system developed by the League of Nations with certain modifications to meet current conditions.

2. It should, however, be made clear that the temporary use of the scale provisionally adopted for the budget of the Food and Agriculture Organisation carries no suggestion that this scale would be satisfactory to us for the United Nations since the scale does not apply the principle of relative capacity to pay in the case of the United States and probably some other countries.

3. We are consulting the Department of Finance on the United Kingdom proposals and may have some further comments later.

**532.** DEA/5475-E-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2325 Ottawa, October 5, 1945

CONFIDENTIAL. Following from Wrong for Reid, Begins: U.N. Committee telegram No. 14. Your telegram No. 38.[126]

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[126]Document 528.

1. I am in agreement with views expressed in paragraphs three and four on the subject of the Nominating Committee. You should therefore support the proposal for a Nominating Committee.

2. It may be preferable that instead of ten States to be nominated as members of a Nominating Committee, there should be perhaps twelve. Ends.

**533.** DEA/5475-E-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2907 London, October 6, 1945

SECRET. Following for Wrong from Reid, Begins: United Nations Committee. Telegram No. 41.

Rules of Procedure Security Council.

1. I have been told informally by the United States delegation that they are under hard and fast instructions from Washington to resist an elaboration of the provisional agenda and the rules of procedure of the Security Council. These instructions apparently come from the Army and Navy and are supported by Pasvolsky. Some of the United States delegates strongly disapprove of these instructions but feel that the utmost they can secure as a compromise is that agenda and rules should be somewhat expanded beyond the United States proposals and that the accompanying report from the Committee should include a statement of the urgent problems which the Security Council will have to deal with once it has exhausted its provisional agenda, and also a statement of the problems which it will have to face in drawing up its permanent rules of procedure.

2. Without making any statement to this effect, I am falling in with this line and the United Kingdom appears to be taking the same position.

3. This does not, however, preclude us continuing to work on extensive permanent rules of procedure for the Security Council in order that, when the Security Council meets, either the Secretariat or some of its members can present the Council with a carefully worked out and complete draft. Emphasized the qualifications on the covering page of the rules of procedure I presented and have, therefore, refused to defend such principles as that of rotation of Chairmanship. I agree, however, with the virtually unanimous opinion of the Committee that the provisional rule which had the best chance of being accepted without debate at the first meeting of the Security Council would be rotation among all eleven States in alphabetical order, each State holding the position for one month, reserving, however, the right of the Canadian delegation to support an alternative proposal, if that alternative proposal were better and were politically feasible. Ends.

**534.** DEA/5475-E-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2354 Ottawa, October 9, 1945

SECRET. Following for Reid from Wrong, Begins: United Nations telegram No. 5.

Your telegram No. 41 of October 6th. We feel it best, as you suggest, not to press for adoption by Executive Committee of very detailed rules of procedure. Some of the matters covered in your draft' are probably better worked out as a result of experience than prescribed in advance. For example, we prefer Secretariat draft' to your proposed Rules 1, 3, and 7. Your Chapters XII and XIII also seem to provide rather too elaborate a code to start with.

2. There is much to be said, however, for your Rule 16[127] in place of the Secretariat's Article VIII, which would make it possible for a single member, by absenting himself, to prevent all discussion in the Security Council.

3. We are rather concerned lest difficulties arise over the distinction made in both drafts between consideration at ordinary and at periodic meetings of the Security Council. It seems very difficult to lay down in advance what special rules should govern periodic meetings.

4. While we would prefer to see the omission of paragraph 7 of Article IX of the Secretariat draft, probably the best that can be done now is to seek to postpone a decision, and you might confine your argument to urging omission of a definite rule at present.

5. With regard to the agenda for the first meeting of the Security Council, we doubt whether in present circumstances a general discussion of the state of the world would be productive. Ends.

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[127] «Nine representatives shall constitute a quorum [of the Security Council].»

**535.** DEA/5475-E-40

*L'adjoint spécial, le ministère des Affaires extérieures,*
*au secrétaire d'État aux Affaires extérieures*

*Special Assistant, Department of External Affairs,*
*to Secretary of State for External Affairs*

No. 8 London, November 13, 1945

CONFIDENTIAL

Sir,

With reference to Mr. Reid's despatch No. 1. of November 2,[1] enclosing copies of a report by the Canadian delegation on the work of the Executive Committee of the Preparatory Commission,[128] I am now forwarding you, in addition, four copies of a short memorandum prepared by Mr. D. V. LePan which discusses more fully the work of Committee 7 on Budgetary and Financial Arrangements.

I have etc.

L. MALANIA

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du deuxième secrétaire,*
*le haut commissariat en Grande-Bretagne*

*Memorandum by Second Secretary,*
*High Commission in Great Britain*

[London,] November 6, 1945

EXECUTIVE COMMITTEE OF THE UNITED NATIONS ORGANIZATION
COMMITTEE 7 ON BUDGETARY AND FINANCIAL ARRANGEMENTS

1. *Contributions.* The work of Committee 7 was made much lighter by a decision which was reached at an early stage, that the question of contributions should not be considered in any detail. It was recognized that the responsibility for apportioning contributions had been placed by Article 17 of the Charter on the General Assembly. It was also felt that this was a question with far greater political implications than any of the other matters with which the Committee had to deal. Accordingly, it was decided to recommend that a Standing Expert Committee on Contributions should be established at the First Part of the First Meeting of the Assembly and should be charged with the responsibility of working out a proper scale of contributions. (Recommendation 6.)

The Committee restricted itself to listing some of the dangers which have to be avoided in apportioning contributions. The Netherlands delegate pointed out that some countries might wish to pay too little for reasons of economy, while

[128]Pour le deuxième projet du rapport, voir le document 536.
For the second draft of the report, see Document 536.

other countries might wish to pay too much for reasons of prestige. In accordance with the instructions contained in telegram No. 2243 of the 27th September, I pointed out that there was a third danger: if the smaller countries could not be persuaded to pay their full share and if a limit was put on contributions from the largest countries, the middle countries might find themselves called upon to pay a disproportionate contribution and this inequity might prejudice the United Nations Organization in the eyes of their people. As an example of the danger to be avoided, I mentioned the International Labour Office scale where the United States pays 110 units and Canada 35 units. You will find a reference to my remarks in the Summary Report of the Fifth Meeting of the Committee, which I have attached.† It was as a result of this argument that the sentence, "If a ceiling is imposed on contributions, the ceiling should not be such as seriously to obscure the relation between a country's contribution and its capacity to pay" was inserted into paragraph 7 of the Report.† The question of whether or not there should be a ceiling was left in abeyance. But one point of interest emerged from the short and inconclusive discussion. The United States delegate believed that there should be a ceiling, while the United Kingdom delegate assumed that capacity to pay would be taken as the sole criterion and would not be modified by the imposition of either a maximum or minimum. The United States delegate argued (and I think with some justice) that, if the United States contributed strictly in accordance with its capacity to pay, the size of its contribution might seem to give it a dangerous weight in the work of the Organisation. In my own view, we should not dismiss out of hand the advisability of setting a ceiling on contributions. I think it might have real political advantages and, if care were taken to adjust the contributions of other countries below those affected by the ceiling, I think it could be fitted into a scale which would avoid the embarrassment in which the I.L.O. scale has involved us.

Until the first budget of the Organisation has been approved at the Second Part of the First Meeting of the Assembly, funds must be found through some interim arrangements. These are set out in paragraph 10 of the Report which provides for contributions to an Emergency Working Capital Fund based essentially on the scale of the Food and Agricultural Organisation. The use of this scale was originally suggested in a paper submitted by the United Kingdom delegation. In accordance with the instructions received in telegram No. 2320 of the 2nd [5th] October, I requested that the provisional nature of the use of this scale should be made clear. The Australian delegate also wished this fact to be put beyond doubt. As a result of our representations, the sentence, "It should be stressed that the use of the F.A.O. scale is merely a matter of convenience and is in no sense a precedent for any assessment of any contribution" was written into this paragraph.

2. *Combination of Committee 6 and 7 at the Preparatory Commission Stage.* You will notice that it is recommended that the Preparatory Commission should appoint an Administrative and Budgetary Committee as one of its eight committees (Recommendation 8) or, in other words, that the present Committees 6 and 7 should be combined at the Preparatory Commission stage.

This recommendation was proposed by the United States delegation. It is an expression of their general view that administrative and budgetary concerns are closely inter-related and should be considered together. This view was put forward the more continuously and strenuously because the chief United States delegate on the Committee was Mr. Eric H. Biddle of the Office of the Budget in Washington.

3. *Location of the Budgetary Functions.* At another point, however, the United States delegation was unable to get this view translated into a recommendation in the Report. The original paper submitted by the United Kingdom delegation had proposed that, when the system was in full working order, the preparation of the budget should be entrusted to the Treasurer of the Organisation. Mr. Biddle argued that the budget is an instrument of high policy and that its preparation should, therefore, be a function of the Executive. He proposed that there should be a Director of the Budget on the Secretary-General's own staff. This proposal was belatedly supported by the Soviet delegation at the Sixth Meeting of the Committee, but it did not win support elsewhere.

In my own opinion, this is a technical question and of no great importance. After listening at length to Mr. Biddle's argument, which was plentifully interspersed with such terms as "estimate appraisers" and "administrative analysts" and with references to the General Motors Corporation of America, I still could not make up my mind as to whether it would be wiser to adopt the United States or the British system of handling the budget for the new Organisation. However, I think it would be useful if the Canadian delegation to the Preparatory Commission could come equipped with a view on this question.

4. *Canadian Representation at the Preparatory Commission Stage.* With the exception of the question of contributions (which will not now be considered again until the Assembly has met), the Committee did not have to deal with any questions which arouse political debate. Nor did any of the matters dealt with require the attention of a trained economist. Most of the discussion was a perfectly amicable consideration of what administrative and financial devises would be best adapted to ensure the smooth and efficient conduct of the Organisation. In my opinion, Canada would be most usefully represented on the parallel committee of the Preparatory Commission by someone, not necessarily with any formal training in economics, who has had wide experience in large-scale administration.

D. V. LEPAN

**536.** DEA/5475-E-1-40

*Projet du rapport sur la réunion du Comité exécutif, la Commission préparatoire des Nations Unies*

*Draft of Report on Meeting of Executive Committee, United Nations Preparatory Commission*

REPORT BY THE CANADIAN DELEGATION ON THE WORK OF EXECUTIVE COMMITTEE OF THE PREPARATORY COMMISSION OF THE UNITED NATIONS HELD AT LONDON, 16TH AUGUST-22ND NOVEMBER, 1945

CONFIDENTIAL [London,] November 22, 1945

SECOND DRAFT

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[129]Les appendices ne sont pas imprimés./The appendices are not printed.

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2. Mr. Reid proposing that the Preparatory Commission meet on October 15 or November 1 and that, after two months interval, i.e. about January 15 or 21, a full dress Assembly meet (13th meeting, Sept. 10, 1945)

3. Mr. Reid speaking in opposition to the proposal that the Executive Committee try to complete its work by October 18. (26th meeting, Oct. 15, 1945)

4. Mr. Reid in the debate on the report of the Committee on the Security Council (29th meeting, Oct. 22, 1945)

D — Supplementary report on the work of the Committee on budgetary and financial arrangements.[130]

## SECTION 1

### INTRODUCTION

1. The introduction to the report of the Executive Committee to the Preparatory Commission sets forth the constitution and terms of reference of the Executive Committee.

2. The Executive Committee held thirty-six meetings, the first on August 16, 1945, the thirty-sixth on November 22, 1945. It held no meetings between October 27 and November 22.

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[130]La pièce jointe, document 535./Document 535, enclosure.

3. The chief delegate of Canada from August 16 to 29 was Mr. L. B. Pearson. From August 30 to September 16, and at the meeting on November 22, the acting chief delegate was Mr. Escott Reid. From September 17 to October 27, the chief delegate was the Honourable W. F. A. Turgeon K.C. In the periods in which he was not chief delegate Mr. Reid was alternative delegate.

4. The attached "Directory of the Delegations, Committees and Secretariat"[1] gives the representation of Canada on the ten committees. Canada was continuously represented on Committees 1, 3 and 6 by Mr. Reid. From September 17 on Canada was continuously represented on Committees 5, 9 and 10 by Mr. Turgeon. Canada was represented on Committee 7 by Mr. D. V. Le Pan. Mr. Reid attended a few meetings of Committee 3 and about a third of the meetings of Committee 8. Canada was not actively represented on Committee 4.

5. Though Mr. Holmes is included in the official directory as secretary of the delegation he was unfortunately unable, owing to pressure of other duties arising especially out of work in connection with the Five Power meeting,[131] to give time to the work of the delegation.

## SECTION 2

### THE STRUCTURE OF THE REPORT OF THE EXECUTIVE COMMITTEE

6. The report of the Executive Committee distinguishes between the "recommendations and positive proposals" on the one hand and the "appendices" on the other. The recommendations and positive proposals, unless it is specifically stated to the contrary, are to be regarded as agreed by the fourteen delegations (not the fourteen governments) as a suitable basis for the work of the Preparatory Commission. The appendices are put forward with the same object but more tentatively. The recommendations and the proposals are "working documents" subject to revision by the Preparatory Commission.

7. Thus the Canadian Government is not bound by the recommendations and positive proposals in the report and is free at the Preparatory Commission to propose amendments to them.

8. Part I of the report is a brief introduction. Part II contains all the formal recommendations. Part III is divided into ten chapters, one for each of the ten committees of the Executive Committee. Each chapter begins with the appropriate recommendations. (The recommendations thus appear twice in the report, once in Part I and once in Part II). The recommendations are followed by positive proposals such as provisional agendas and provisional rules of procedure. Seven chapters conclude with an appendix or appendices. The appendices are not uniform in character. A few are summaries of the main considerations taken into account by the committee in arriving at its recommendations. Others elaborate the recommendations. Others are papers

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[131]Le Conseil des ministres des Affaires étrangères, Londres. Voir le volume 10, chapitre III, partie 2.
Council of Foreign Ministers, London. See Volume 10, Chapter III, Part 2.

submitted by national delegations or are extracts from the records of Committee or Executive Committee meetings.

9. Part IV gives the terms of reference of the ten committees and the report ends with an annex which gives the text of the Interim Arrangements concluded at San Francisco setting up the Preparatory Commission and the Executive Committee.

## SECTION 3

### THE MAIN DIFFERENCES OF OPINION WITHIN THE EXECUTIVE COMMITTEE

10. The amount of agreement reached between the fourteen delegations in the ten weeks of the Executive Committee's work is most encouraging. The main points of difference have been narrowed down to seven, and on only three of these is the minority composed of the Soviet group — the U.S.S.R., Czechoslovakia and Yugoslavia. The seven main points of difference are:

(1) An organic versus a functional organization of the Secretariat;

(2) The relative importance of the criterion of equitable geographical distribution and the criterion of personal competence in the selection of chairmen of the working committees of the Assembly and of advisory committees of experts;

(3) The amount of preparatory work which the Executive Committee and the Preparatory Commission might wisely and usefully do for the first meetings of the Security Council;

(4) The relations of the United Nations with the I.L.O.;

(5) The relations of the United Nations with the League of Nations;

(6) The choice of the site of the United Nations;

(7) The establishment of a temporary Trusteeship Committee.

11. While these differences of opinion are important and involve questions of principle they must be seen in the perspective of the large area of agreement embodied in the whole report. Thus the proposed provisional rules of procedure for the General Assembly contain 140 rules and there is agreement on 130 of these rules. Similarly there is virtually complete agreement on the whole of the 30 page Secretariat report with the exception of the difference of opinion on an organic versus a functional organisation. Moreover the extent of each of the seven main differences is not as great as might first appear.

12. Thus the Soviet contention that the Secretariat should be divided on organic rather than on functional lines is set forth in a chart under which half the departments are functional not organic, so that the difference between the Soviet view and the view of the other members of the Executive Committee is not really over the whole structure of the Secretariat, but over whether the Security Council should have a separate department of the Secretariat and the Assembly a separate department, or whether there should be one political and security department serving both organs.

13. Similarly the Executive Committee is unanimous in believing that both equitable geographical distribution and personal competence must be taken

into account in the election of the chairmen of the working committees of the Assembly, the vice-presidents of the Assembly and the members of expert committees. The point at issue is the relative importance of the two criteria.

14. While at the beginning of the Executive Committee's work both the United States and Soviet delegations were opposed to the committee on the Security Council doing virtually anything, at the end of the committee's work they supported the present compromise report which contains not only a quite extensive set of rules of procedure, but also a preamble which would justify an elaboration of the present agenda and of its documentation and an expansion of the provisional rules of procedures.

15. While differences of opinion over the relations which should be established between the I.L.O. and the United Nations have been a constant source of trouble at meetings of the Executive Committee and of a number of its committees, the Soviet delegation have never stated that they are opposed to the I.L.O. being brought into relation with the United Nations. They have restricted themselves to stating that relations should not be established until "certain changes of a democratic character" have been made in the constitution of the I.L.O.

16. Though differences within the Executive Committee still persist on relations between the United Nations and the League of Nations the Soviet delegation appear to share the view of most of the other members of the Executive Committee that it is in the general interest that the League of Nations be liquidated as soon as possible. The difference between the Soviet view and the view of most of the other members of the Committee is over the method of liquidation.

17. There is disagreement within the Executive Committee over where the site of the United Nations should be but there is complete agreement on the criteria which should govern the precise location of the site and on the facilities and immunities which the host government should accord to the Organization.

18. The objection which the Soviet delegation has made to the establishment of the temporary Trusteeship Committee is based entirely on constitutional grounds.

19. On only three of the seven outstanding issues are the U.S.S.R., Czechoslovakia and Yugoslavia arrayed against the rest of the Committee — the organisation of the Secretariat, relations with the I.L.O. and the establishment of the Temporary Trusteeship Committee. The Soviet group have a certain amount of Latin American and Chinese support in what the majority of the Executive Committee would consider to be an over-emphasis on equitable geographical representation. So far as the Security Council committee was concerned the Soviet group and the United States delegation took, at the outset of the committee's work, virtually the same position but the United States delegation was divided as to the wisdom of the instructions which they had received from Washington. On relations with the League of Nations the Soviet Union and Australia were on the same side. On the choice of the site of the United Nations the Soviet group were aligned with the

majority of nine against a minority which consisted of the three western European states — the United Kingdom, France and the Netherlands. (The United States and Canada refrained from voting on this question.)

## SECTION 4

### PART III OF THE REPORT — CHAPTER BY CHAPTER

#### THE GENERAL ASSEMBLY (CHAPTER I)

20. The importance of this Chapter derives from the importance of the General Assembly. The General Assembly is the town meeting of the world. Two of the principal organs of the United Nations — the Economic and Social Council and the Trusteeship Council — are subordinate to it and, under the Charter, it can itself discharge all the functions of these two organs. It elects a majority of the members of a third principal organ — the Security Council. It and the Security Council, sitting separately, elect the members of a fourth principal organ — the Court. It establishes the regulations for the fifth principal organ — the Secretariat. It has a reserve power over all the organs through its control over finance. Its powers will be further enhanced if it appoints the Atomic Energy Commission.

21. The most important part of the chapter on the General Assembly is Section 3, the provisional rules of procedure. The Executive Committee has proposed that these rules be adopted without debate as the rules of procedure for the Preparatory Commission and for the first part of the first session of the General Assembly.

22. These rules are a simplified and modernized version of the rules of the League Assembly. They make possible the calling of a special session of the General Assembly on ten days' notice (Rules 3 and 8). Provision is made for the use of two working languages and five official languages (Rules 57 to 66). The meetings of the General Assembly and of its Main Committees are to be held in public save in exceptional circumstances (Rule 67). Elections of persons and of states are to be by secret ballot (Rules 86 and 92). Committees can take decisions on any question by a majority of the members present and voting (Rule 114). A formal procedure is established for the admission of new members in order to ensure that new members formally, and in accordance with their respective constitutional practices, undertake commitments as binding as those undertaken by founder members (Rules 119 to 123).

23. An adequate committee structure is recommended for the General Assembly in Section 4 of the Chapter.

24. It is recommended that the first part of the first session of the General Assembly be divided into two parts, the first of which would be primarily organizational, and a provisional agenda is drawn up for this first part. (The recommendation on the two-part Assembly was based on the assumption that the first part would be concluded before Christmas, 1945. The decision to postpone the Assembly until January, 1946 will probably result in a

reconsideration of the whole question and it is possible that the General Assembly might sit from about February 1 to April 25, the anniversary of the opening of the San Francisco Conference, with only a brief adjournment of perhaps a fortnight after the election of the Secretary-General).

25. The Netherlands delegation submitted a proposal for the establishment of a Standing Committee of the Assembly on Peace and Security. (See footnote to paragraph 34 of the Appendix to Chapter I). This proposal will probably provoke a good deal of discussion in the Assembly committee of the Preparatory Commission.

26. The Canadian delegation submitted the proposal made to the League Assembly by Norway in 1926 that the single transferable vote be used in electing the members of the Councils. This may give rise to a good deal of discussion in the Assembly committee of the Preparatory Commission.

## THE SECURITY COUNCIL (CHAPTER II)

27. This Chapter embodies a compromise which is satisfactory to neither of the two schools of thought on the Executive Committee's committee on the Security Council, and presumably both sides reserve the right to reopen the whole question in the preparatory Commission.

28. In the committee the U.S.S.R. and the U.S.A. were at one extreme, Australia and Canada at the other extreme. Czechoslovakia and Yugoslavia followed the Soviet line which was also supported in principle by China, France and Chile. Brazil, the Netherlands, Mexico, Iran and the United Kingdom in general supported the Canadian-Australian line.

29. The U.S.-Soviet position was that the Executive Committee and the Preparatory Commission need not, and indeed ought not to, make recommendations to the Security Council on how it should organize itself. The Canada-Australia position was that the Interim Arrangements required the Executive Committee and the Preparatory Commission to prepare as carefully for the first session of the Security Council as for the first sessions of the other organs, that experience had demonstrated the necessity both of early agreement by any international deliberative body, however small, on detailed rules of procedure and also of the advance preparation of a well-documented agenda.

30. The United States delegation pretty well reversed their position in the final debate in the Executive Committee and this reversal probably marks a victory of the U.S. delegation over Mr. Pasvolsky and the United States chiefs of staff.

31. The preamble to the recommendation concerning the Security Council is an almost complete victory for the Canadian-Australian position. The large words of the preamble are, however, followed by an agenda which does not even include all the constitutional or organizational questions which the Security Council ought to deal with in order to organize itself promptly and efficiently; the provisional rules of procedure are a bare minimum and do not include any suggestions on how the Security Council is to carry out the instructions given it in the Charter to so organize itself as to be able to function

continuously; though the Interim Arrangements require the preparation of documents and recommendations relating to all matters on the agenda, there is no adequate documentation for the item on the Military Staff Committee (item 9) and no documentation at all for the items on the staff to be assigned to the Security Council (item 10) or on the special military agreements (item 11).

32. However the mere inclusion of items 9 and 11 demonstrates the desire of the Executive Committee that the Military Staff Committee begin work as soon as possible and that the special military agreements be concluded as quickly as possible.

33. Rule 9 in the provisional rules of procedure is of special interest; it provides for the presidency of the Security Council to rotate among all eleven members in the English alphabetical order of the names of the member states. This solution to the vexed problem of the presidency is open to serious adverse criticism since it may mean that in a crisis the presidency is held by the least competent representative on the Council. It was agreed to only as a temporary expedient because it seemed to be the proposal most likely to be accepted without prolonged debate at the first meeting of the Security Council.

34. The Canadian delegation received the support of a majority of the Committee, but not the requisite two-thirds, for the inclusion in the Rules of Procedure of nine rules on the conduct of the business of the Security Council. (The vote was 6 in favour and 5 against). The Canadian delegation contended that differences of opinion over what was proper procedure might hold up the work of the Security Council and seriously lower its prestige unless the Security Council were, as soon as possible after its creation, to agree on normal parliamentary rules of this character.

35. The committee in its report to the Executive Committee submitted a list of questions of organization and procedure requiring the early attention of the Security Council. This was a much curtailed version of a longer list submitted by the Australian delegation. The Executive Committee, however, rejected this list by eight to five (Australia, Canada, Iran, Netherlands, United Kingdom) with one abstention, France.

36. The emphasis in Rule 27 on publicity of meetings is that normally the Security Council shall meet in public. This provision was included only after long debate.

### THE ECONOMIC AND SOCIAL COUNCIL AND SPECIALIZED AGENCIES (CHAPTERS III AND VIII)

37. Chapters III and VIII are to be considered by one committee of the Preparatory Commission and should therefore be read together.

38. One point of special interest in the recommendation concerning the Economic and Social Council is that the Preparatory Commission should consider suggesting urgent problems in the economic, social, cultural, educational, health and related fields for discussion by the Council at its first session. This may prove to be one of the most important tasks of the Economic and Social Committee of the Preparatory Commission, especially if, in accordance with the Interim Arrangements, it prepares documents and

recommendations relating to the substantive items which it places on the agenda of the Council.

39. The provisional rules of procedure of the Council are deficient in that they do not include, even by reference, the standard rules on the conduct of business along the lines of Rules 70 to 81 of the proposed rules of the General Assembly.

40. The committee on the Economic and Social Council unanimously recommended the establishment of eight commissions. Due to Soviet opposition in the Executive Committee the recommendation for a Coordination Commission and a Fiscal Commission was dropped. Soviet opposition to a Coordination Commission probably arises out of the fact that it would contain the director general of the I.L.O. as soon as the I.L.O. was brought into relation with the United Nations.

41. The Interim Arrangements instructed the Preparatory Commission to "examine the problems involved in the establishment of the relationship between specialized intergovernmental organizations and agencies and the Organisation." It did not (probably at Soviet insistence) instruct the Preparatory Commission to "prepare recommendations" concerning the establishment of these relationships. Consequently the Soviet delegation insisted that the Executive Committee should not approve of the report of the committee on specialized agencies. The Soviet group was alone in this insistence but nevertheless scored a formal victory though the minutes of the Executive Committee demonstrated that all the members, except the Soviet group, approved of the report.

42. The reason for the Soviet attitude is that they do not want in any way to approve of relations being established between the Organization and the I.L.O.

43. The report of the committee on specialized agencies is termed, at the insistence of the Soviet Union, not a "report" but "observations" and it is not even said whose observations they are.

44. The "observations," like the report of the committee on the Economic and Social Council, is not a very penetrating study. It does not touch the real problems of coordination of the work of specialized agencies, which is basically a problem of coordinating national social and economic policy within each nation. Nor does it make clear that the ultimate coordinating agency must, in the absence of an international legislature, be the national governments. Nor does it test the value of the general principles which it recommends by applying them to one or two existing specialized agencies such as, for example, the Food and Agriculture Organization or the Provisional International Civil Aviation Organization.

## THE TRUSTEESHIP SYSTEM (CHAPTER IV)

45. The recommendation to set up a temporary Trusteeship Committee refers to the proposed Committee as an "interim organ". The Soviet, Czechoslovakian and Yugoslavian delegations, as has already been noted, objected to the creation of this Committee as being non-constitutional; they also objected

to the use of the word "organ" on the ground that the Charter recognizes only two sorts of organs: the principal organs (Article 7) and subsidiary organs (Article 22) to be established by the General Assembly for the performance of its own functions exclusively. They argued that the proposed committee could not properly be referred to as an "organ" under either of these definitions, and that there was no room for it within the Charter.

### THE COURT: THE REGISTRATION AND PUBLICATION OF TREATIES: PRIVILEGES AND IMMUNITIES (CHAPTER V)

46. The report sets out the steps taken to comply with the requirements of paragraph 4(e) of the Interim Arrangements Agreement regarding the issuing of invitations for the nomination of candidates for the International Court of Justice.

47. The Australian delegation objected to the action taken on the ground that, since the provisions of Article 5 of the Statute could not be complied with (there being no Secretary-General), no effective action could be taken under the authority of the Interim Arrangements Agreement. This objection was overruled.

48. The report makes useful recommendations concerning the registration and publication of treaties and international agreements, stressing the importance of preventing any gap occurring in the publication of these instruments between the termination of the League of Nations treaty series and the beginning of the treaty series of the United Nations, and of securing the voluntary registration of treaties by non-member states.

### THE SECRETARIAT (CHAPTER VI)

49. This is probably the most important chapter in the whole report. It is certainly the chapter which contains the most creative work and it may, in the long run, turn out to be the most significant for the future of the Organization. It is the product of a most harmonious and hard-working committee whose members found themselves in general agreement on virtually all the questions that came up. Where, at the beginning of the discussion, the points of view differed, the recommendation which was worked out was usually not so much a compromise as a synthesis.

50. The report is important for what it excludes as well as for what it includes. Thus the Soviet proposal for a number of under-secretaries-general who would not be working heads of departments but some of whom should coordinate the work of two or more Departments was beaten in committee by a vote of seven to three. Another Soviet proposal that a permanent deputy-secretary-general should be appointed was defeated — four voting in favour and six against. Thus there are no officers between the Secretary-General and the working heads of the departments. These heads of departments are called "assistant secretaries-general".

51. The structure proposed for the Secretariat is democratic in form and substance. It differs from the League structure in that the grades are not divided into an upper-class, a middle-class and a lower class. A specific recommendation is made that there be no lopsided age distribution among the first appointees to the Secretariat. The Committee was unanimous in agreeing in principle to the establishment of an international civil service commission.

52. The following passages in Section 2 "Report on the Organization of the Secretariat" are of special interest:

(a) The general character of the Secretariat (paras. 1-7);

(b) The functions of the Secretary-General (paras. 8-17);

(c) The methods of selection of the Secretariat (paras. 52-56) especially the recommendation for in-service training for which the Canadian delegation was chiefly responsible;

(d) The suggestions on salary scales (paras. 68-71) especially the assumption that official salaries and allowances will be free of national tax and that salaries shall be supplemented by childrens' allowances.

53. The following regulations in Section 3 "Staff Regulations" are of special interest:

(a) Regulations 1-8 on the duties and obligations of the Secretariat;

(b) Regulation 19 on the probationary period;

(c) Regulation 27 on the forty hour week.

## BUDGETARY AND FINANCIAL ARRANGEMENTS (CHAPTER VII)

54. The recommendations concerning budgetary and financial arrangements are made with a view to ensuring the proper preparation and thorough examination of all proposals involving expenditure before they are given final approval. One of the most interesting of these recommendations is that for the creation of a Supervisory Committee for Administrative and Budgetary questions, which is to be a small body of independent experts. The budgetary staff of the Secretariat will compile the proposed budget before it is submitted to the General Assembly for action, the budget will be examined and analyzed by the Supervisory Committee. The report of these experts to the Assembly will greatly facilitate the Assembly's task in dealing with administrative and budgetary matters.

55. The proposed committee is to consist of seven members selected on the basis of broad geographical representation, personal qualifications and experience. No two of them are to [be] citizens of the same state; at least two of them are to be financial experts of recognized standing. Their term of office is to be three years, although, in the first instance, two members might be elected for one year, two for two years and three for three years.

### THE LEAGUE OF NATIONS
### (CHAPTER IX)

56. The League of Nations is to be wound up and the Executive Committee recommends that the United Nations take over its assets (subject to the liabilities which accompany these assets) and such of its activities as are found to be non-political in character.

57. The question of determining in advance what activities are undoubtedly non-political was admittedly hard to solve in committee: for instance, the Soviet, Czechoslovakian and Yugoslavian delegations contended that the activities concerning refugees could not be said to be non-political, nor those of the international bureaux. In the result, no recommendation was made in respect of the transfer of League activities concerning mandates, refugees or international bureaux.

### THE PERMANENT HEADQUARTERS OF THE UNITED NATIONS
### (CHAPTER X)

58. At a meeting of the Executive Committee held on October 5 two votes were taken: one that the permanent headquarters of the United Nations should not be in Europe and another that it should be in the United States. At the preceding meeting of the Executive Committee a report from a committee was adopted setting forth the exact requirements which should be complied with in respect to the location, wherever it might be.

59. As a result the Executive Committee has recommended that the headquarters be established in the United States and that the Preparatory Commission agree upon a recommendation to the first part of the first session of the General Assembly as to the precise location of the permanent headquarters and the exact requirements to be embodied in an agreement between the competent authorities of the host country and the United Nations.

## SECTION 5

### THE CONTRIBUTION OF THE CANADIAN DELEGATION

60. The report of the Executive Committee is a synthesis of ideas put forward in writing or orally by all fourteen delegations. It thus represents the views not of any one delegation nor of a number of delegations but of all the delegations. It is, therefore, not only impossible but unwise to try to pick bits out of the report and to state that such and such a delegation was responsible for one bit, such and such for another bit and so on.

61. The Canadian delegation to the Executive Committee conceived it to be their duty not to attempt to promote short-run Canadian interests but to promote the long-run interests of Canada by contributing as best they could to the creation of an effective world organization. The members of the Canadian delegation acted therefore not so much as national civil servants but as international civil servants.

62. In this the Canadian delegation claims no special merit since this was also the attitude of the other members of the Executive Committee. All were doing

their best to contribute to the smoothest possible operation of the United Nations. The members of the Executive Committee differed not in their objectives which were common but in the methods which they proposed should be followed in order to realize those objectives. The differences in suggested methods resulted in the main from different backgrounds and different concepts of international administration.

63. The Canadian and Australian delegations took the lead in insisting that the Executive Committee try to do as much as possible in the brief time at its disposal to prepare well documented provisional agendas for all the organs of the United Nations so that when they met they would be able to get down to business as quickly as possible.

64. Those two delegations also emphasized the importance of agreement in advance on as extensive rules of procedure as possible in order to avoid waste of time on procedural matters when the organs held their first sessions.

65. To begin with a number of the members of the Executive Committee had no clear idea about its task and many indeed argued that since each organ was given the power to adopt its own rules of procedure the Executive Committee should not itself draw up provisional rules. Gradually, these members retired from this position so far as the General Assembly, the Economic and Social Council and the Trusteeship Council were concerned, but they stuck to it so far as the Security Council and the Court were concerned. They compromised finally on the Security Council but refused to compromise on the Court, with the result that the Executive Committee has done virtually no work to prepare the way for the first sessions of the Court, thus making a distinction between the Court and the other organs of the United Nations which has no warrant in the Interim Arrangements.

66. The Canadian delegation did its best to insist that the language used in the report and especially in the rules of procedure and the staff regulations should be as simple as possible. This meant, on the one hand, that it was necessary to revise almost every text taken over from League of Nations documents, since these documents are usually bad translations of French, and on the other hand that it was necessary to re-write almost any document submitted by the United States delegation.

67. The Soviet delegation insisted at the beginning that the committees should take as their basis of discussion papers prepared by national delegations. They did this in order to try to clip the wings of the temporary international secretariat. They, themselves, however, did not submit a single paper and the only national delegations which submitted extensive papers were the United Kingdom, the United States, Australia and Canada. China submitted only one paper and the Netherlands only one paper. Most of the United States papers were submitted at a late stage in the meetings. The result was that the secretariat had to produce papers in order that the committees could get on with their work. It is to be hoped that this experience has convinced the Soviet Foreign Office that an international meeting of this kind cannot succeed without a strong international secretariat which is allowed reasonable freedom of action.

## SECTION D

### RÉUNION DE LA COMMISSION PRÉPARATOIRE, LONDRES, DU 24 NOVEMBRE AU 24 DÉCEMBRE 1945
### MEETING OF THE PREPARATORY COMMISSION, LONDON, NOVEMBER 24-DECEMBER 24, 1945

**537.** DEA/5475-J-40

*Le représentant suppléant, le Comité exécutif, la Commission préparatoire des Nations Unies, au sous-secrétaire d'État aux Affaires extérieures*

*Alternate Representative, Executive Committee, United Nations Preparatory Commission to Under-Secretary of State for External Affairs*

SECRET AND PERSONAL London, September 22, 1945

Dear Mr. Robertson,

Now that the Executive Committee has fixed fairly definite dates for the meetings of the Preparatory Commission and the first United Nations Assembly I hope that you will be able to give early consideration to the problem of Canadian representation.

The Preparatory Commission is to meet on November 1 if possible and by November 15 at the latest. The General Assembly of the United Nations is to meet on Tuesday, December 4 and this date is definite if agreed to by a sufficiently large number of governments members of the Preparatory Commission.

The number of representatives which we will need at the Preparatory Commission will, of course, depend in part on whether it breaks up into committees. I hope that we shall be able to get the Executive Committee to make up its mind on this question during the next week. I, myself, am strongly of the opinion that if the Preparatory Commission is to do a thorough job in revising and amplifying the report of the Executive Committee it must break up into committees.

The choice really seems to me between the Preparatory Commission doing a thorough job on the Executive Committee's report and the United Nations General Assembly doing a thorough job on it. If the Preparatory Commission does a thorough job then the Assembly meeting only a week or so later can rubber-stamp the Preparatory Commission's report in so far as it affects the Assembly.

Assuming that the Preparatory Commission does break up into committees it might well break up into committees of the same type as those of the Executive Committee perhaps amalgamating the committee on the Economic and Social Council and the committee on Specialized Agencies. This will leave us with nine committees.

In appointing the Canadian delegation to the Preparatory Commission and the United Nations General Assembly it will be useful to bear in mind the desirability of including in the delegation the officers whom the Department will be appointing to its mission to the headquarters of the United Nations.

We would, I think, have very adequate representation at the Preparatory Commission if the Canadian delegation were to be made up somewhat as follows:

(1) Mr. Wrong or yourself as chief delegate and representative of Canada, on the committee on the Security Council and the committee on the League of Nations.

(2) Mr. Turgeon as representative of Canada on the Legal committee and the committee on the seat of the Organization.

(3) Mr. Rasminsky as representative of Canada on the committee on the Economic and Social Council and the financial committee.

If you want me to stay on for the meeting I might perhaps attend the committees on the General Assembly and the Secretariat.

I would hope that the delegation might also include two other members and that these might be the officers whom the Department intends to appoint to the Canadian mission to the headquarters of the Organization. On the assumption that Rasminsky would be unable to join the staff of the Canadian office at the headquarters, it would be useful if he had an understudy at the Preparatory Commission who might, for example, be Jean Chapdelaine. The other junior officer might be Saul Rae or John Holmes and one of these three might be secretary of the delegation to the Preparatory Commission.

If, however, you are thinking of appointing Holmes to the delegation I would urge that it be made a full-time assignment for him and that he be relieved of his duties at Canada House during the period of this assignment. A part-time assignment would, I think, be neither fair to him nor to the Canadian delegation.

These three officers could assist the chief representatives on the committees and one of them could also be the Canadian representative on the Trusteeship Council.

As you will have noticed from recent communications the Assembly and the Security Council cannot proceed to the election of the judges of the international court until December 15. This election may take three days. This would mean that the earliest date for the conclusion of the General Assembly would be about December 18.

My guess, therefore, is that the first part of the first General Assembly will last for about two weeks, from about December 4-December 18. It would seem to me that the Canadian delegation to the Preparatory Commission could be carried over to the General Assembly with one or two important additions.

I would urge that the Prime Minister should, if at all possible, lead the delegation to the first Assembly. The opening of the first Assembly is going to be a great historic occasion and it would be most appropriate if the Prime Minister could attend.

The addition of Mr. St. Laurent would be most valuable and if the Prime Minister could not stay for the whole of the two weeks of the Assembly, Mr. St. Laurent might be able to take his place as chief of the Canadian delegation.

These ideas are passed on to you merely to help you in working out what I know will be a very difficult problem, and I realise that in view of our lack of staff you may not find it possible to accept all my suggestions.

I do feel, however, that both from the point of view of the prestige of the new Organization and of the prestige of Canada it is most desirable that Canada be well represented at the meetings of both the Preparatory Commission and of the first Assembly. It is particularly important that our representation be strong in the economic field, so that if we are elected (as I assume we will be) to the Economic and Social Council, we can immediately appoint a first-class person to represent us at the initial meetings of that Council. Similarly, if we are elected to the Security Council it would obviously be most desirable that the Prime Minister be present so that he can immediately take his seat on the Security Council.

Moreover, the effect of our having a strong delegation at the Preparatory Commission and the first Assembly will increase our chance of being elected to the Security Council.

Yours sincerely,

ESCOTT REID

**538.** DEA/5475-J-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au représentant suppléant, le Commité exécutif, la Commission préparatoire des Nations Unies*

*Associate Under-Secretary of State for External Affairs to Alternate Representative, Executive Committee, United Nations Preparatory Commission*

PERSONAL Ottawa, September 29, 1945

Dear Escott [Reid],

Norman has handed to me your letters of September 22 and September 25[132] about Canadian representation in the Preparatory Commission and the Assembly. This is very much in our minds, but I am not in a position even to guess what will happen. We are doing our best to get Rasminsky. Unfortunately the Debate on the Address has been more protracted than was expected and the Parliamentary programme for dealing with financial matters with which Rasminsky is concerned, has been retarded. I still hope, however, that he will be available in time to reach London at the beginning of November. You will doubtless be talking over the whole situation with Norman soon after his arrival in London in a week's time.

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[132]Non trouvé./Not located.

Our difficulties arise in part from the extraordinarily congested programme of international meetings, combined with the additional volume of work which has fallen on the Department with the end of hostilities. I think that there will be between 7 and 10 international conferences or meetings of one sort or another between now and the end of the year at which Canada will have to be represented, and in many of the cases this Department will have the main responsibility. I am personally alarmed over the hurried programme which is being pushed in London for the new Organization. The sour discussions in the Council of Foreign Ministers are not a good prelude to the first Assembly and the initial activities of a Security Council. They make the doctrine of unanimity of the Great Powers look pretty silly as an assurance for the maintenance of international harmony. This seems so apparent that I wonder whether there will not be a move from on high to lengthen the programme and postpone the opening of the Assembly.

Another point. The Prime Minister thinks that we should attempt to secure election both to the Security Council and the Economic and Social Council. We have not yet taken any steps of an electioneering character, and I am not satisfied that we would be well advised to do so. With regard to the Security Council, a relevant factor would be the method proposed for determining which of the non-permanent members are to sit for only a one-year term. This is also a matter which you may have a chance of discussing with Norman in London.

Yours sincerely,

HUME WRONG

**539.** DEA/5475-J-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au secrétaire exécutif*
*le Comité exécutif, la Commission préparatoire des Nations Unies*

*Acting Secretary of State for External Affairs*
*to Executive Secretary,*
*Executive Committee, United Nations Preparatory Commission*

Ottawa, November 15, 1945

Sir,

I have the honour to advise you that the Government of Canada will be represented at the session of the Preparatory Commission of the United Nations to be opened in London on November 23rd, 1945, in accordance with the Interim Arrangements concluded by the Governments represented at the United Nations Conference on International Organization held at San Francisco, by the following delegates:

DELEGATION OF THE GOVERNMENT OF CANADA

*Head of the Delegation*

His Excellency Mr. L. Dana Wilgress,
Canadian Ambassador to the Union of Soviet Socialist Republics,
Moscow, U.S.S.R.

*Delegates*

Mr. Gordon Graydon, B.A., L.L.B.,
Member of Parliament,
Brampton, Ontario.

The Honourable Senator Adrian Knatchbull Hugessen, K.C.,
Member of the Senate of Canada,
Ottawa, Ontario.

The Reverend Mr. Stanley Howard Knowles, B.A., B.D.,
Member of Parliament,
Winnipeg, Manitoba.

Mr. L. Philippe Picard, K.C.,
Member of Parliament,
Quebec City, Canada.

Mr. Howard Waldemar Winkler,
Member of Parliament,
Morden, Manitoba.

The following have been appointed as advisers to the Canadian Delegation:

*Advisers*

Mr. T. Carter,
Third Secretary, Canadian Embassy to Belgium,
Brussels, Belgium.

Mr. E. A. Cote, M.B.E.,
Second Secretary, Department of External Affairs,
Ottawa, Ontario.

Mr. Leo Malania,
Assistant, Department of External Affairs,
Ottawa, Ontario.

Mr. A. F. W. Plumptre,
Wartime Prices and Trade Board,
Ottawa, Ontario.

Mr. Escott Reid,
First Secretary, Canadian Embassy to the United States,
Washington, D.C.

**540.** DEA/5475-J-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 2757 Ottawa, November 22, 1945

SECRET. Preparatory Commission telegram No. 9.

Reference your telegram No. 3414.[1] I fear selection of a Canadian as Chairman of the Preparatory Commission might prejudice Canada's chances

of election to the Security Council and to the Economic and Social Council and that in fact it would be difficult to combine Chairmanship of the Commission with active leadership of our delegation. For these reasons suggestion that Wilgress be Chairman should be discouraged.

Of other names suggested Masaryk would be acceptable though in the light of his experience of the UNRRA Council he would probably be unwilling to take the post. We have no views as to suitability of Colban[133] but think Freitas-Valle[134] would be an excellent choice whom our delegation could support without reservations.

The suggested slate of Committee Chairmen proposed in paragraph 4 of your telegram strikes us as excellent.

**541.** W.L.M.K./Vol.343

*Mémorandum du Premier ministre*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Prime Minister*
*to Under-Secretary of State for External Affairs*

[Ottawa,] November 23, 1945

MEMORANDUM FOR MR. ROBERTSON:

*Re: Interview with Mexican Ambassador*

The Mexican Ambassador, Dr. Del Rio, called on me at 3:30 this afternoon at my room in the House of Commons. He mentioned having had a previous word with you, and said that his purpose was to ask the support of the Government of Canada for Mexico being given a place as a non-permanent member on the Security Council of the United Nations Organization.

I told the Ambassador he might be assured that our Government would carefully consider the request of the Mexican Government, but that as he would anticipate we had been approached by other governments as well, and I could not give him any definite word beyond saying that the request of the Mexican government would receive the most careful consideration of our Government.

The Ambassador then asked if he might learn of the decision when it was made. I said I could not give an assurance of this as the circumstances under which the Canadian Government's decision would be made known, would

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[133]Erik Colban, ambassadeur de la Norvège en Grande-Bretagne et délégué à la Commission préparatoire.
Erik Colban, Ambassador of Norway in Great Britain and Delegate to Preparatory Commission.

[134]Cyro de Freitas-Valle, ambassadeur du Brésil au Canada et délégué à la Commission préparatoire.
Cyro de Freitas-Valle, Ambassador of Brazil in Canada and Delegate to Preparatory Commission.

depend on developments that I could not, at the moment, foresee. These were not the exact words of my reply, but it is what it was intended to convey.

I assume it is quite proper for one country to ask the support of another in these matters of representations on Council and committees. I doubt, however, if it is proper for any country to ask for a definite decision, or to do more than await developments with the promise, meanwhile, of careful consideration of its request.

The Ambassador also spoke of a trade treaty between Mexico and Canada which he said he expected would be in readiness for signature during the Christmas season. He said he was hoping that the Minister of Trade and Commerce, Mr. MacKinnon, might visit Mexico for the purpose of the ceremony of the signature. He also indicated that Mr. MacKinnon had said he did not wish to approach me personally on this but would have no objection to the Ambassador so doing. I gave no definite assurance as to what might be agreed to in this regard. I was not myself over-familiar with the present status of the negotiations.[135]

W. L. M. K.

**542.** DEA/7-Vs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] November 26, 1945

MEMORANDUM FOR THE PRIME MINISTER

I think you took the only possible line with the Mexican Ambassador when he pressed for an assurance of Canadian support for his country's election to the Security Council. He had tackled Mr. St. Laurent when the latter was Acting Secretary of State for External Affairs, and sent him the enclosed memorandum[1] in support of Mexico's claim. He also spoke to me on Thursday, when I gave him an interim answer along the line you used.

The Executive Committee of the San Francisco Conference, which has been continued as the Executive Committee of the Preparatory Commission for the United Nations Organization, consists of 14 members, the five Great Powers and nine others designated originally by the Sponsoring Powers in accordance with the principles which it is expected will govern the election of the non-permanent members of the Security Council. The real nub in the election of the six non-permanent members of the Security Council will be the dropping of three of the nine states now represented on the Executive Committee. My guess is that one of the three Latin American states (Mexico, Brazil and Chile) will go, and I assume it will be Chile. One of the three states bordering on the U.S.S.R. (Czechoslovakia, Yugoslavia and Iran) will be dropped. I think it

[135]Voir le document 1179./See Document 1179.

likely that it will be Yugoslavia. If Iran is dropped it would almost certainly be replaced by some other Middle Eastern state, thus preserving the present due regard [illegible] equitable geographical distribution."

The remaining states on the Executive Committee are Canada, Australia and the Netherlands. If the Netherlands is not continued on the Security council, its place would, I think be filled by Belgium, for the representation of Western Europe on the Security Council should not be further reduced.

This process of elimination would leave Canada and Australia candidates for the last seat. This is an awkward, undesirable and, as far as I can see, inescapable consequence of the reduction in membership from fourteen to eleven. Australia is anxious to be elected to the Council, though disposed, I believe, to concede Canada's prior claim.[136] Evatt said in Washington that he thought Canada and Australia should both be elected to the first Security Council and that Canada was entitled to election for the whole two-year term, while Australia would be content with initial election for the junior one-year term. Such an arrangement would be very welcome from our point of view, but I do not see how it would be feasible.

In assessing Canada's chances of election, we have to recognize that this country does not fit conveniently into any of the groups, blocs or regions which may be expected to mobilize themselves to elect representatives to the Security Council and to the other elected agencies of the United Nations. This country's claim has to stand pretty much on our record of performance, our readiness to take our fair share of international costs and responsibilities and our capacity to send good delegations to international conferences and organizations, i.e., in the words of Article 23 of the Charter, on the "contribution we can make to the maintenance of international peace and security and to the other purposes of the Organization."[137]

On these premises I am inclined to the view that we should not specifically put forward our candidature for the Security Council or the Social and Economic Council, and certainly should not canvass other countries for pre-election promises of support. In conversations with representatives of other countries here, in London and in Washington, I have assumed that Canada would be chosen[138] because it would be an obvious and sensible choice for other countries to make, and have taken it for granted that the more responsible members of the Organization, who are concerned to see the Council strong and representative, will, of their own motion, see that the Canadian claim to representation is not overlooked. This may prove to be rather a hopeful view of things, for it is quite possible that, when the gerrymandering begins, we may be

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[136]Note marginale:/Marginal note:
We certainly have. K[ing]

[137]Note marginale:/Marginal note:
Most important of all. K[ing]

[138]Note marginale:/Marginal note:
I agree, but an eye may be kept on the situation. K[ing]

squeezed out by the organized voting blocs. This, however, is a risk that has to be run, for we cannot hope to organize a comparable counter-bloc that would ensure our election.[139]

N. A. ROBERTSON

**543.** DEA/5475-J-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 2791 Ottawa, November 27, 1945

SECRET. Following for Wilgress, Begins: Preparatory Commission telegram No. 11. With the experience of the San Francisco Conference and the Executive Committee in mind, the Canadian position on the main issues likely to arise in the Preparatory Commission will be familiar to the Delegation. You will of course refer for instructions any major question of policy which may arise. Otherwise it is considered desirable that the Delegation should have wide enough discretion to deal with day to day business in the Committees. In this connection you will no doubt be holding daily meetings of the Delegation to discuss the line to be followed at the meetings of the Committees. The allocation of members of the Delegation to the various Committees is left to your judgment after consultation with the members of the delegation.

The following are our views on certain particular points of importance:

(1) When the proposal put forward by the Netherlands representative to the Executive Committee for the establishment of a standing committee of the Assembly on peace and security comes up for discussion, you may speak along the following lines, expressing at the same time our appreciation of the motives which prompted the Netherlands Delegation in making this suggestion. At San Francisco the Canadian Delegation accepted the principle that primary responsibility for the maintenance of international peace and security was placed on the shoulders of the Security Council and that there should be no divided jurisdiction. This principle is recognized in the structure of the organization. We are concerned lest the Netherlands proposal for a standing committee on peace and security may reopen this whole question before the present allocation of responsibility has been given a fair trial. If experience warrants, the Assembly can later establish such a committee.

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[139]Les notes suivantes étaient écrites sur le mémorandum:
The following notes were written on the memorandum:
If Mexico were on the Security Council and Canada *not* this would surely raise a question here! W. L. M. K[ing]
The reasons for Mexico's representation apply with greater force to Canada. K[ing]

(2) With regard to the elaboration of rules of procedure and the further specification of items of the agenda for the Security Council, our instructions to the Delegation to the Executive Committee will stand. The Delegation should not press for the further elaboration of detailed rules of procedure for the Security Council unless the permanent members of the Security Council themselves favour such a course, nor do we wish to press at this time for the inclusion of specific items in the agenda of the Security Council.

We consider that pressure for the elaboration of detailed rules of procedure and the adoption of a broad agenda for the Security Council would be largely a waste of time as the Security Council is not likely in practice to allow itself to be bound by the recommendations of the Preparatory Commission.

(3) Secretariat. You should resist any proposals which would have the effect of giving each national Government the right to the appointment of any of its nationals to the international Secretariat. You should also oppose the proposal prohibiting the appointment of persons not nationals of any of the United Nations to the Secretariat.

With regard to the Soviet proposal for the division of the Secretariat which would have the effect of setting up a separate Secretariat for the Security Council, it may not be unreasonable that the Secretary-General should consult the Security Council about appointments to the political and security department of the Secretariat.

(4) The United Kingdom and United States delegations share our interest in a satisfactory definition of the relationship between the I.L.O. and U.N.O. We are committed to no formula and would favour any solution on which these delegations reach agreement.

(5) The Canadian delegation should hold a watching brief on discussions relating to Trusteeship, but when the United Kingdom and United States delegations are in agreement, should give them general support.

(6) With regard to the prior preparation of rules of procedure for the International Court of Justice, the Canadian Delegation should refrain from pressing for the preparation of such rules of procedure by the Preparatory Commission. The legal advisor considers that rules of procedure should not be formulated until the court meets.

(7) You may support the proposal of the United Kingdom Government that the election of the judges of the International Court of Justice should be postponed until March, 1946, to give more time for study of the qualifications of the candidates.

(8) With regard to the recommendation of the Executive Committee that the real value of the emoluments of the judges of the International Court of Justice should not be less than those of the judges of the old court during the period 1936-1939, we consider that the emoluments of the judges should be related to those of senior officers of the Secretariat.

(9) We are in general agreement with the recommendations of Chapter 9 of the Executive Committee report[140] on the League of Nations, and also with those of Chapter 7 on budgetary and financial arrangements.

(10) Headquarters of the Organization. The Prime Minister of the United Kingdom spoke to the Prime Minister on this subject while in Ottawa[141] and asked for Canadian support for the establishment of the headquarters in Europe. Mr. Attlee has been told that the Canadian Government incline to the view that the headquarters should be in Europe. We understand that the United Kingdom proposal is for Copenhagen or Luxembourg as headquarters. Should the Preparatory Commission modify the recommendation of the Executive Committee we should not be averse to either of these sites although we think Geneva has advantages over both. We think something could be said for having the headquarters of the Organization in Central Europe at a point where eastern and western influence intersect. In any event you should consult us before taking any definite stand on this subject, and meanwhile report the sense of informal discussion in the Commission. You will see from the telegram of November 23rd from the Canadian Ambassador in Washington,† which is being repeated to you, that the United States Government will not press for headquarters in the United States.

(11) It seems certain that the whole question of holding the Assembly in two parts will be reopened during discussions in the Preparatory Commission, because of the necessity of bringing before the first Assembly as soon as possible the question of the Atomic Energy Commission and its relation to the United Nations Organization. We expect that the Canadian Government will have to have further consultations on procedure with the other signatories of the Washington Declaration[142] and we shall instruct you when the position is clearer. Ends.

**544.** DEA/8-PW-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 2810 Ottawa, November 28, 1945

CONFIDENTIAL. Preparatory Commission No. 13.

Following for Wilgress from Wrong, Begins: The Chief of the Narcotics Division of the Department of National Health and Welfare informs us that he

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[140]Nations Unies, *Rapport du Comité exécutif à la Commission préparatoire des Nations Unies*, Commission préparatoire des Nations Unies, 1945.
United Nations, *Report by the Executive Committee to the Preparatory Commission of the United Nations*, Preparatory Commission of the United Nations, 1945.

[141]Du 17 au 19 novembre 1945./November 17-19, 1945.

[142]Voir Canada, *Recueil des traités*, 1945, N° 13.
See Canada, *Treaty Series*, 1945, No. 13.

and the U.S. Commissioner of Narcotics are concerned over the proposals of the Executive Committee for organizing the committee work and secretariat on the traffic in dangerous drugs. Recommendation IX, paras. 3 and 4,[143] for the transfer of League functions in this field is satisfactory in form and substance, but the proposals in Chapters 3 and 6 of the Executive Committee's report seem to reduce control of the drug traffic to a minor division of the welfare activities of the Organization.

2. International narcotic questions are administrative and technical in character and can only be handled satisfactorily by experts. They are governed by special conventions which established the Permanent Central Opium Board and the Drug Supervisory Body as administrative agencies. Matters of policy have been handled by the Opium Advisory Committee of the League which reported to the Assembly, and there was a separate section of the Secretariat to handle drug questions. There is much to be said for continuing to treat these problems as separate international questions handled by an expert committee directly under the Economic and Social Council, with their own branch of the Secretariat directly responsible to the senior official on the economic and social side.

3. The delegation should consult with other delegations on these matters, particularly with the United States and United Kingdom delegations and with Dr. Victor Hoo[144] who has served on the Opium Advisory Committee and is aware of the views of the U.S. Commissioner of Narcotics. Dr. Hoo might be asked to show you a copy of a letter addressed to him on November 9th by Mr. Anslinger.[145] We are also sending you a copy by bag.† Ends.

**545.** DEA/5475-F-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3504 London, November 28, 1945

SECRET. Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 19.

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[143]Nations Unies, *Rapport de Comité exécutif à la Commission préparatoire des Nations Unies*, p. 15.
United Nations, *Report by the Executive Committee to the Preparatory Commission of the United Nations*, p. 15.

[144]Délégué adjoint de la Chine à la Commission préparatoire.
Deputy Delegate of China, Preparatory Commission.

[145]Le commissaire aux narcotiques des États-Unis.
United States Commissioner of Narcotics.

Your telegram No. 11,[146] paragraph 10. Headquarters of the United Nations.

1. Informal discussions with Webster[147] this morning, indicated that he had hopes of support from about twenty delegations for a site in Europe. United Kingdom succeeded in securing McEachen of Uruguay as Chairman of Committee 8. At the meeting this morning, Chairman first introduced question of Sub-Committee to take evidence from delegations representing places that had invited the United Nations. This gave several delegations an opportunity of pointing out that it was logical, first of all, to consider Section 2 of Chapter 10, on criteria of site before the Sub-Committee was established. Australia pushed, without support, for immediate consideration of Recommendation 1 of Section 1, that the site be in the United States.

2. The United States representative urged that delegations from places in the United States be heard by the sub-committee as quickly as possible. At this stage we offered a compromise proposal which, after minor amendment, was accepted unanimously. Under this proposal a Sub-Committee of 7 has been appointed to hear these delegations beginning December 1st, and the whole Committee will devote its meetings on Thursday and Friday to discussion of Section 2. Sub-Committee consists of States not likely to be host state. For these and other reasons we declined to serve.

3. Our compromise pleased the United States delegation and also coincides with United Kingdom strategy as outlined by Webster. He believes that a discussion on criteria will strengthen arguments for Europe. He states that United Kingdom have now pretty well abandoned idea of Geneva and their present first choice is Brussels. Webster also thinks that at some stage resolution may be offered against location of site on territory of a great power, but he is not yet sure of wisdom of this course.

4. The lack of support for Australian proposal and the general freedom of discussion in committee indicated that the United States was not pressing for decision in favour of it.

5. Coville, who appears to be chief liaison officer of United States delegation, lunched with me after the meeting. He opened up question by asking our advice on how United States delegation could make clear to the other delegations that it wanted a free vote on the merits of the issue. I tentatively suggested that perhaps the best way of securing a general agreement on a site which might turn out to be a compromise not now being considered would be:

(a) No nominations.

(b) Series of secret ballots on specific sites.

(c) No elimination of lowest sites from subsequent ballots, and

(d) The opportunity of introducing new sites as balloting proceeds.

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[146]Document 543.

[147]Sir Charles Webster, délégué de la Grande-Bretagne à la Commission préparatoire.
Sir Charles Webster, Delegate of Great Britain, Preparatory Commission.

This seemed to appeal to him and in course of conversation he himself suggested Versailles, even Berlin, and mentioned as one consideration the desirability of strengthening the economy of Austria by selection of Vienna. After canvassing all the other European possibilities, *i.e.*, Luxembourg, Brussels, Prague, Copenhagen, we mentioned London. He appeared very interested and questioned me closely on possible Soviet attitude. This morning's meetings and conversation with Coville confirms information given in your telegram No. 12 of November 27th.[1]

6. In discussions in committee on the criteria governing the choice of the site, the line which we propose, subject to your instructions, to take is that while statement on criteria in the report can usefully be amplified, Committee should not decide that failure of a site to fulfil one of the criteria necessarily debars that site from consideration.

7. Possibility exists that an eastern Canadian city might emerge as possible compromise. List of inviting cities circulated by secretariat includes Navy Island, Sault Ste Marie, Vancouver Island and Quebec, but compromise on Canada might be some other city, e.g., Montreal. Ends.

**546.** DEA/5475-F-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2832 Ottawa, November 30, 1945

SECRET. Following for Wilgress from Robertson, Begins: Preparatory Commission telegram No. 15.

Your telegram 3504 of November 28th. United Nations headquarters. The line which you are taking is approved. In view of complete diversity of opinion you might bear in mind the possibility of temporary use of League buildings at Geneva pending establishment of more stable international conditions. We realize that this would raise serious problem of negotiating an agreement with Swiss Government on short-term basis and would also leave open for protracted discussion the permanent site. Ends.

**547.** DEA/5475-F-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3535 London, December 2, 1945

IMMEDIATE. SECRET. Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 27.

Your telegram No. 15, United Nations headquarters.

1. We were glad to have your views since we had ourselves had in mind the possibility of suggesting that two decisions be made concurrently, one on Geneva as temporary headquarters for, say, three years and one on permanent site to which organization would move when buildings had been constructed.

2. We feel that it would be premature to make any such suggestion, unless it becomes apparent that general agreement cannot be reached by the Preparatory Commission on permanent headquarters.

3. I feel that Soviet objections to Geneva are so strong that choice of Geneva as permanent headquarters would endanger Soviet cooperation on the Organization. We do not yet know what their attitude would be to temporary use of buildings at Geneva. The premature suggestion of Geneva as temporary headquarters might also lessen the chances of a European site being chosen as permanent headquarters.

4. Noel-Baker has been canvassing possibility of persuading Preparatory Commission of the wisdom of postponing for some years a decision on a permanent site and indicated that, if this happened, he himself would not press his objections to the choice of a site in the United States as temporary headquarters. We feel, however, that the Preparatory Commission as a whole wants to make a firm recommendation now of the permanent headquarters and that the Commission would consider Noel-Baker's suggestion only if it were deadlocked.

5. We are today circulating to the Technical Committee a suggestion for their consideration on the method of voting. This method was summarized in paragraph 5 of my telegram No. 19.[148] Our memorandum[1] to the Technical Committee includes the suggestion that one entire meeting of the Committee be devoted to the taking of successive ballots and that the first item on the Agenda of the following meeting shall be the procedure next to be adopted in order to arrange soon a site. The memorandum goes on to point out that while the method of voting we propose may not result on the first day of voting in any specific site receiving two thirds of the votes, it will clarify the position and narrow the field down to a few sites, one of which eventually may be selected either by a continuation of this method of voting or by some other procedure to be agreed upon by the Committee after they have seen the results of the first day of voting.

6. If the method of voting we propose is adopted we shall, subject to your instructions, cast our first vote for Geneva and then follow United Kingdom line on sites in Europe.

7. Noel-Baker told us yesterday that Stevenson[149] showed him a telegram from Byrnes indicating United States embarrassment over reports circulating to effect that United Kingdom delegation were spreading report that United States Government did not wish site to be in the United States. [Noel-]Baker

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[148]Document 545.

[149]Adlai Stevenson, représentant adjoint des États-Unis à la Commission préparatoire.
Adlai Stevenson, Deputy United States Representative, Preparatory Commission.

has written Stevenson denying the allegation, and stating that he has been careful to repeat only what Byrnes told him in Washington that, while the United States would welcome the choice of the United States, they did not wish to influence the decision of the Preparatory Commission. Ends.

**548.** DEA/5475-F-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3547 London, December 3, 1945

SECRET AND PERSONAL. Following for Robertson from Wilgress, Begins: Preparatory Commission, No. 28. Our telegram No. 15. United Nations Headquarters.

1. At delegation meeting this morning Graydon again raised necessity of taking into consideration strong desire of Canadian public to have United Nations Headquarters located in Canada. He said he was mentioning this in order to protect Canadian Government from criticism and during the course of the discussion it became evident that his views were shared by Knowles. At the time of the discussion the other Parliamentary delegates were not present.

2. I explained that the best chance of a site in Canada being selected would be in order to resolve a deadlock between a United States and a European site. In such an event it would be quite likely that a Canadian site might emerge as a compromise. I said that this possibility would be seriously prejudiced if we took any active steps to promote the selection of headquarters in Canada. I then went on to explain that our proposal on voting was designed to bring about agreement on some site generally acceptable to two-thirds of the members and that it was quite possible that in the course of this voting a Canadian site might emerge as the most strongly supported compromise. I pointed out the provision for inclusion of a new site at a later stage in the balloting.

3. The whole discussion arose out of the manner in which we should cast our votes if our proposal was accepted. I said that our instructions were to support a site in Europe and this occasioned Graydon's warning. Later in the discussion he urged that we ourselves should take the lead in bringing forward a Canadian site but I said that to do so, too prematurely, might defeat the purpose he had in view.

4. In view of this you may wish to give us more freedom to use our discretion and to follow the United Kingdom only up to the point at which, in our judgment, no site in Europe is likely to secure a two-thirds majority. When this point arises, would it be in order for us to switch our votes to a Canadian site or should we at any stage support the most favoured United States site? Ends.

**549.** DEA/5475-J-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3571 London, December 5, 1945

Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 31. Secretariat.

1. The question of the relative jurisdiction of the Security Council and the General Assembly in matters relating to the maintenance of international peace and security has arisen in the Administrative and Budgetary Committee. The Soviet delegation have given up their attempt to have the whole Secretariat organized on organical lines and are now concentrating on having a Political and Security Department that will work mostly for the Security Council. In this they have had the assistance of Stone, a Bureau of the Budget official, who is the United States representative on the Committee and who clearly obtains his instructions from his own Department and not from the State Department whose representatives here favour the proposals of the Executive Committee.

2. The Soviet proposal is for a Department called the Security Council Department, but they are willing that the report should mention that "A certain number of the members of the staff of this Department" shall work for the General Assembly on matter relating to international peace and security.

3. We have been opposed to the Soviet proposal and have had a number of talks with the United Kingdom, United States, Netherlands and Soviet delegations, but the matter has not yet come up for discussion in the Committee. This morning a meeting was held in Jebb's office at which these delegations were represented, as well as Mexico and Czechoslovakia. An effort was made to effect a compromise but without success. The chief difficulty arose over title of Department. Three possible titles emerged as follows:

(1) Security Council Department;

(2) Department for Security Council Affairs; and

(3) Political and Security Council Department.

Gromyko insisted on the first title, but towards the end intimated he might accept the second. The United Kingdom and United States indicated preference for the third title but were willing to accept the second title and were not, repeat not, disinclined to agree to first title. I stood out for inclusion of word "Political" [illegible] the title and was strongly supported by Netherlands and Mexico.

6. While, in an effort to secure unanimity, I was prepared this morning to accept the words "Security Council" in the title, I feared that once this is adopted, it will be used by the Soviet Union as an indirect means of restricting the exercise of the political and security functions of the General Assembly. In

any event, the proposed compromise is still born owing to the refusal of Gromyko to accept the word "Political".

7. I can see some force in Gromyko's arguments for a Department which will serve chiefly the Security Council, but we fear that if we give way at this stage it may encourage the Soviet Union to make further efforts to restrict the exercise of the functions assigned to the General assembly under the Charter.

8. There is no doubt that the majority of the Technical Committee will support Administrative Organization as proposed by Executive Committee or a compromise that made it clear that the Department could also serve the General Assembly. We consider that substance of Soviet case is met by the provision for a separate division for enforcement measures which would serve the Security Council exclusively.

9. Hugessen has speech prepared along following lines:

(a) The extent of General Assembly's political and security functions under the Charter (see paragraph 2, page 35 of report to Parliament);[150]

(b) Delicate balance achieved at San Francisco in this field would be disturbed in giving the Security Council a privileged position in its relations with the general Political and Security Sections of the Secretariat; and

(c) That such a privileged position would increase the danger of possible rivalries between the Council and Assembly being reflected by division of loyalties within the Secretariat, whose members should owe their allegiance to the whole Organization, not to one organ.

10. Since further efforts to effect a compromise may be made within the next few days, I would appreciate your views and also your opinion on wisdom of voting Soviet Union down on a motion to accept, without change in substance, the relevant portions of the Executive Committee's report. Ends.

**550.** DEA/5475-F-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2879 Ottawa, December 6, 1945

IMMEDIATE. SECRET. Following for Wilgress from Robertson. Begins: Preparatory Commission No. 17. United Nations Headquarters. Your telegram No. 28 of December 3rd.

1. The Cabinet have now given consideration to the position which should be taken by the Canadian delegation in the event that a proposal is made for the establishment of the organization in Canada.

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[150]Voir Canada, ministère des Affaires extérieures, Recueil des conférences, 1945, N° 2.
See Canada, Department of External Affairs Conference Series, 1945, No. 2.

2. It was agreed that, as a first choice, the Canadian delegation should support a site in Europe, on the general ground that the successful operation of the organization would thereby be facilitated.

3. If, in the event, a European site is rejected by the delegates, the second choice from our point of view would be some site in the United States, preferably in the northeastern area.

4. Should Canada be proposed, the delegation should describe frankly conditions in this country which might be disadvantageous. The government have in mind, particularly, the lack of accommodation in present circumstances for headquarters as well as for residential purposes and in the matter of hotels. A second consideration which might affect the choice is the comparative distance of many locations in Canada from large centres of population.

**551.** DEA/5475-J-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2896 Ottawa, December 7, 1945

CONFIDENTIAL. Following for Wilgress from Robertson, Begins: Preparatory Commission telegram No. 21.

Your telegram No. 31 of December 5th. Secretariat.

We should, of course, prefer the adoption of the proposals of the Executive Committee concerning the Political and Security Department, most of the work of which would be on matters dealt with by the Security Council. I think, therefore, that you should continue to support either the title originally proposed by the Executive Committee or the third alternative mentioned in your paragraph 3. Apart from the question of the title, we feel that the establishment of two divisions inside the Department as proposed is sound and corresponds to the provisions of the Charter. You should, therefore, support this, while compromising if necessary on the title, so long as that adopted does not carry the implication that the Security Council has sole responsibility in the political field. Ends.

**552.** DEA/5475-F-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3596 London, December 7, 1945

SECRET. Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 36.

*United Nations Headquarters*

Your telegram No. 17, December 6th.

1. Debate at yesterday's meeting and first part of today's meeting was wholly taken up with question of procedure, Delegations favouring a site in Europe pressing for adoption of Canadian proposal on voting instead of a discussion on recommendation of Executive Committee. Arguments were well summed up by Spaak who referred to reluctance of delegates to speak against location of headquarters in United States.

2. Chairman, at commencement of today's meeting, ruled that Canadian proposal could only be discussed when question of voting came up for consideration after discussion had been completed.

3. After question of procedure had been settled, Philippine delegate led off with rhetorical effort urging location of headquarters in United States in order to maintain that country in the Organization. He was followed by Stevenson who delivered a carefully prepared statement stressing the desire of the United States Government that the decision on the site should be freely reached.

4. I followed, stating that from the point of view of national convenience and our close ties with the United States, the location of headquarters in that country would have advantages for Canada but that we had to consider the question from the point of view of the interests of the Organization as a whole. Because many of the most important problems with which the Organization will have to deal, are European, the Canadian Delegation supported a site in Europe.

5. I found it necessary to make the statement at this early stage for the following reasons:

(1) Our motives in submitting our proposals on voting have been questioned and there was an advantage in coming out into the open rather than letting our position remain obscure until a later stage in the proceedings.

(2) It seemed desirable that, our position should be made clear before the United Kingdom and other European States had declared for Europe, since we were considered by some Delegations to be acting as cat's-paw for the United Kingdom.

(3) Stevenson's statement presented a favourable opportunity for my intervention.

6. Discussion with [Noel-]Baker, Spaak and Massigli, yesterday, revealed that they now favour Liege as a possible compromise site in Europe.

**553.** DEA/5475-F-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3606 London, December 8, 1945

SECRET AND PERSONAL. Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 37.

My telegram No. 36, December 7th, (No. 3596). United Nations Headquarters.

1. At delegation meeting this morning Graydon, in a very reasonable statement, reserved his position regarding my statement that the Canadian delegation favoured a site in Europe. He said that this was a matter on which he had personally taken a position in the House of Commons and he felt that our delegation should have made some move to secure the location of the headquarters in Canada. He appreciated fully the arguments I had previously advanced that probably the best chance Canada had of being chosen for the headquarters was for a Canadian site to emerge as a compromise to resolve a deadlock. As a member of the delegation and as one who had personally taken a definite public position, he felt it necessary that his position should be made clear, although he did not want to embarrass the delegation by any public disclaimer at this stage.

2. Knowles then spoke and said that he also wished to reserve his position, although for different reasons than those outlined by Graydon.

3. If it becomes necessary for me to speak on the lines of the instructions in paragraph 4 of your telegram No. 17, (No. 2879)[151] Graydon's embarrassment will be further increased. In the debate earlier this week on desirable features of the site, I stressed importance of office and living accommodation to be immediately available. Since lack of accommodation under present circumstances is common to virtually all possible sites other than Geneva, I cannot stress this factor in regard to Canada. Indeed the situation in North America is incomparably better than in Europe, both as regards immediately available accommodation and facilities for early construction. Ends.

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[151]Document 550.

**554.** DEA/5475-J-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3607 London, December 8, 1945

Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 38.

My telegram No. 31 of December 5th. Secretariat.

1. A further meeting of the delegations referred to in my previous telegram took place on December 6th, during the course of which a compromise was put forward for the consideration of the Soviet delegation.

2. This compromise was based on a Canadian proposal for the insertion of paragraphs in the report on the Secretariat, emphasizing the functional principle on which it was proposed to organize the Secretariat. During the course of the discussions, Webster tried hard to have us agree to title 2 in paragraph 3 of my telegram No. 31. He argued that there was really very little in a name, but we continued to insist on the inclusion of the word "political" in the title and were strongly supported in this by the Mexican representative. Finally, Pelt[152] proposed as a possible compromise, the acceptance by the Soviet delegation of our paragraphs describing the functional principle in return for the acceptance by us of title 2 and the description of the Department as referred to in paragraph 2 of my telegram No. 31. I agreed to this proposed compromise but Gromyko pleaded for time to consider the Canadian draft paragraphs.

3. This morning, we were again called to a meeting at which the other delegations were present, except the Mexican. The Soviet representative expressed his agreement with the compromise, subject to a few minor textual changes which we were able to agree to. The compromise to be put before the Committee 6 as a draft of the delegations concerned but the proposal has first to be cleared with the Mexican and Brazilian delegations who have, hitherto, strongly supported the Canadian stand and were not represented at today's meeting.

4. Since dictating this telegram, I have received your telegram No. 21.[153] Ends.

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[152]Adrian Pelt, délégué suppléant des Pays-Bas à la Commission préparatoire.
Adrian Pelt, Alternate Delegate of The Netherlands, Preparatory Commission.
[153]Document 551.

**555.** DEA/7-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au président, la délégation canadienne,*
*la Commission préparatoire des Nations Unies*

*Secretary of State for External Affairs*
*to Chairman, Canadian Delegation,*
*United Nations Preparatory Commission*

No. 6 Ottawa, December 8, 1945

Sir,

The Swedish Minister in Ottawa, who has recently returned from a brief visit to Sweden, called to see the Under-Secretary recently. Before leaving Sweden he had had a conversation with Mr. Osten Unden, the new Swedish Foreign Minister, which he wished to have reported to me. The Swedish Government have formally recorded their readiness to accept all the obligations of membership in the United Nations Organization and have abandoned the policy of neutrality which they have pursued since 1935. You will recall that Sweden, like a number of other smaller European countries, formally reserved its policy in respect of League of Nations obligations after the failure of sanctions against Italy, which they felt had proved that the system of collective security would not protect them.

The new declaration of policy is a welcome indication that Sweden is now prepared to join her forces with other countries under the United Nations Organization in resisting any new aggressor. I think that of all the neutral countries Sweden has probably the biggest contribution to make to the success of the new world organization, particularly in the economic and social fields. I consider that the presence of Sweden in the Organization would strengthen support of the general point of view which we are inclined to put forward, and should on all counts be welcomed.

I have etc.

H. H. WRONG
for the Secretary of State
for External Affairs

**556.** DEA/5475-F-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2909 Ottawa, December 10, 1945

SECRET AND PERSONAL. Following for Wilgress from Robertson, Begins: Preparatory Commission telegram No. 22.

Your telegram No. 37 of December 8th. United Nations Headquarters.

For your personal guidance the instructions given in my telegram No. 17 of December 6th represent views held strongly by the Prime Minister who is firmly opposed to the selection of a Canadian site. If you have to speak again, while you need not imply that the considerations mentioned in paragraph 4 of my telegram are particularly true of Canada, there are almost certainly misconceptions abroad, especially among European and Middle Eastern delegations, concerning conditions and facilities in this land of comparative plenty. You should, however, be able to phrase your remarks so as not to cause additional embarrassment to Graydon. Incidentally, I am not aware of any wide public support here for a Canadian site. Ends.

**557.** DEA/5475-M-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3633 London, December 12, 1945

IMMEDIATE. SECRET. Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 42.

1. Experts appointed under Chapter VII, Section 1, paragraph 10,[154] have recommended:

(a) That the fiscal year be the calendar year.

(b) That the emergency working capital fund provide for all expenditures in 1946.

(c) That, accordingly, the basic advance of each member should be raised from 5,000 dollars (U.S.) to 10,000, and

(d) That the certain members required by Section 2, paragraphs 23-4, to supply the remainder of the fund should be Australia, Brazil, Canada, China, France, India, U.S.S.R., United Kingdom and United States of America.

2. It is suggested that the total fund should be comparable in size with an annual budget, which we are confidentially informed may be 20,000,000 dollars. Only 510,000 dollars would be supplied by the basic advances of the 51 countries. The remainder, of which Canada's share would be 6.75%, would come from the additional advances of the nine countries.

3. The experts further recommend that a permanent working capital fund of substantially the same size eventually replace the emergency one. Advances to this would be made by all members in proportion to their contributions to the United Nations. Meanwhile, it is proposed that members should not, repeat

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[154]Nations Unies, *Rapport du Comité exécutif à la Commission préparatoire des Nations Unies*, p. 96.
United Nations, *Report by the Executive Committee to the Preparatory Commission of the United Nations*, p. 96.

not, set off their advances to the emergency fund against their assessed contributions as suggested in paragraph 23. Accordingly, Canada and eight other countries would be required, in 1946, to make available:

(a) Basic advance of 10,000 dollars.

(b) Additional advance depending on FAO scale, and

(c) Annual contribution in full.

4. The emergency working capital fund should be large enough to cover, if necessary, all expenditures, through 1946. The Organization cannot approve its first budget until about May. It is unlikely that funds can be voted by Legislatures until autumn, or possibly later depending on sessions. Actual contributions may be further delayed.

5. The experts, in explaining why the permanent fund should be equally large, advance the following purposes for it:

(a) To "finance security measures" in emergencies.

(b) To provide for enlarged expenditures when necessary between voting a budget in September and beginning of fiscal year in January.

(c) To meet other contingencies.

6. As a result of strong arguments by experts, Committee 6 has approved recommendation that fiscal year be calendar year. The Committee appears favourable to the other proposals, although Russians may object to large outlays in 1946. A meeting to decide on recommendations will be held on Thursday at 5:00 p.m.

7. In the absence of other instructions we shall be taking the following line:

(a) We approve proposals in principle.

(b) We believe that permanent fund as proposed may be unnecessarily large.

(c) We are anxious that the permanent fund be set up as soon as possible because it will provide for equitable proportional participation by all countries and release Canadian advances in excess of equitable proportion. Ends.

**558.** DEA/5475-M-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2937 Ottawa, December 12, 1945

IMMEDIATE. SECRET. Following for Wilgress from Wrong, Begins: Preparatory Commission No. 25.

Your telegram No. 42 of December 12th, financial proposals. I think you should adopt reserved attitude toward these proposals about which there has been no time to consult anyone else. In addition to the payments required from Canada under your paragraph 3 we shall be expected to pay our final contribution to League of Nations in 1946, which will amount to nearly

$500,000 (including provision for I.L.O. for the year). It seems certain that U.N.O. would not be able to spend $20,000,000 in 1946 and my own feeling is that the experts' proposals should be scaled down substantially. Ends.

**559.** DEA/5475-J-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2945 Ottawa, December 13, 1945

Following for Wilgress from Robertson, Begins: Preparatory Commission telegram No. 26.

Press reports today assert that Canadian representatives took a leading part in yesterday's discussion of procedure and agenda of Security Council. We are puzzled by this in view of the instructions given in paragraph 2 of telegram No. 11 of November 27th. Please report on position. Ends.

**560.** DEA/5475-J-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3665 London, December 14, 1945

SECRET. Following for Robertson from Wilgress, Begins: Preparatory Commission telegram No. 45.

Your telegram No. 26. Discussion of procedure and agenda of Security Council.

1. In accordance with instructions given in paragraph 2 of telegram No. 11, November 27th, our attitude in Security Council Committee has been that the compromise embodied in the Executive Committee's report should not be disturbed. We have, therefore, proposed no additions to the proposed agenda, and have only proposed drafting amendments to the proposed rules of procedure. We did, however, propose a commentary' on the rules of procedure which led to debate in last meetings of Committee. This was the basis of the press reports which came to your attention.

2. At first this Committee made very rapid progress and approved the agenda, draft directive to the Military Staff Committee, and the more important of the provisional rules of procedure, in two meetings. Then followed a long debate over the rules on languages. The delegate of Ecuador objected to English and French being the sole working languages and he received support from the Soviet group. The question was referred to the Steering Committee

who decided the San Francisco rules[155] should prevail until otherwise decided. Even this decision, however, led to another long debate in the Security Council Committee. Similarly, three meetings of the Committee were devoted to a discussion of secret versus open diplomacy raised by a Syrian amendment to Rule 31.

3. At last meeting of Committee, a commentary on the rules of procedure which we had drafted was introduced and objected to by the representatives of the Great Powers. We put up a very mild defence, but received some support from Australia and Netherlands, after which, at our suggestion, the matter was put to the vote and turned down. This was followed by a discussion of a Syrian amendment pointing out the need for rules of procedure on items listed at bottom of page 45 of Report of Executive Committee. This was combined with a discussion of an Australian proposal for the inclusion of an item in the agenda providing for the constitution of a sub-Committee of the Security Council to consider method of dealing with these items.

4. We gave support to both amendments, but do not intend to press matter any further, particularly as opposition of permanent members is indicated.

5. We felt it was necessary to give support to the Syrian proposal, because it was along the lines of an item included in our commentary, and we had previously opposed the Syrian delegation on their amendment to Rule 31, about which there had been a lengthy debate and on which we had voted with the majority, including the permanent members.

6. The United States representative has expressed his appreciation for our attitude throughout the discussions of this Committee. We have indicated no desire to obstruct work of Committee or to force matters against the opposition of the permanent members of the Security Council. It has been necessary for us, however, to show some constancy with our attitude in Executive Committee, and consistent with your instructions not to accept without question the thesis that the Preparatory Commission has no right to provide the necessary documentation for the Security Council.

7. Committee is likely to complete its work today, and its report will be very much in the form proposed by Executive Committee, but with changes in the language rules and minus any appendix. Ends.

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[155]Voir Nations Unies, *Documents de la Conférence des Nations Unies sur l'Organisation internationale, San Francisco, 1945*, volume II, Londres et New York, United Nations Information Organizations, 1945, pp. 609-10.
See United Nations, *Documents of the United Nations Conference on International Organization, San Francisco, 1945*, Volume II, London and New York, United Nations Information Organizations, 1945, pp. 589-90.

**561.** DEA/5475-F-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2958 Ottawa, December 14, 1945

SECRET. For Wilgress from Robertson, Begins: Preparatory Commission telegram No. 28.

Now that the Canadian preference for a European Headquarters has been made clear publicly, we think that no more need be said on the matter. This reticence may help to avoid some controversy here. You should use your own judgement about switching support to the eastern United States if a deadlock arises or if a European site secures fewer than one-third of the votes. Ends.

**562.** DEA/5475-F-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3675 London, December 17, 1945

IMMEDIATE. SECRET. For Robertson from Wilgress, Begins: Preparatory Commission Telegram No. 46.

Your telegram No. 28 of December 14th.

1. Committee 8 voted on December 15th in favour of location of headquarters in the United States. This was preceded by a vote on Europe. Canada voted for Europe and against United States, since to have voted for United States or to have abstained on the last vote would have been interpreted as lack of courage, and would have caused resentment among supporters of a European site when every vote was of such importance. Abstention would not have won us any approval from those in favour of a seat in the United States. I was able to take advantage of opportunity to move that the vote in favour of the United States be made unanimous.

2. Committee meets today, and after hearing report of Sub-Committee on invitations and data received from the various localities in the United States, it is presumed that there will be discussion on what site in the United States should be chosen. There is now general measure of agreement that the Canadian proposal on voting[156] should be applied to selection of site in the United States, although some delegations feel that selection of specific site should be left to the General Assembly stage.

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[156]Voir le document 545./See Document 545.

3. Assuming voting takes place on a specific site, my inclination is to give our first preference to Hyde Park on account of its associations with late President Roosevelt, our second preference to Boston and our third preference to Philadelphia. Delegations who were in favour of Europe appear to incline to Boston, but this site is not favoured by Latin Americans, who object to Boston on grounds of Puritan atmosphere and attitude of superiority towards Latins. The Soviet delegation have told us definitely that they favour site in Eastern United States, and Philadelphia and Duchess County seem to be their preferences. In view of this, I think there are good chances of Duchess County being the site most likely to receive general support, although it suffers from the disability of having no facilities immediately available.

4. Representatives of Navy Island have been undertaking very intensive lobby and are critical in general of our attitude on account of technical difficulty that Navy Island is in Canadian territory; they now propose that site should be located on adjacent Grand Island which is United States Territory. I doubt if this site is likely to have much support owing to general absence of cultural facilities in cities near Niagara frontier.

5. A number of delegations advocate Chicago or some other Middle Western site in order to counter possible growth of isolationism in the United States, but others argue that atmosphere in Middle West might be a handicap rather than an advantage to the Organization.

6. Finally, there is a solid block of about nine delegations representing countries bordering the Pacific who are strongly in favour of San Francisco.

7. Since discussion of specific site is likely to continue over tomorrow's meeting, I should appreciate any views you may be able to transmit, and a general indication as to whether or not you approve of our first preference being Dutchess County, second preference Boston, and third preference Philadelphia. Ends.

**563.** DEA/5475-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 2989 Ottawa, December 18, 1945

IMMEDIATE. SECRET. Following for Wilgress from Robertson, Begins: Preparatory Commission telegram No. 31.

Your telegram No. 46 of December 17th.

1. We feel that practical considerations against selection of Duchess County are strong. It is essential that Headquarters should have ample hotel accommodation, easy communication facilities capable of expansion to meet heavy peak loads, and housing, schools, etc., for members of Secretariat. This

points to desirability of Headquarters being on outskirts of a city of some size. Boston and Philadelphia in that order seem preferable to Hyde Park.

2. In any event a good deal must depend on suitability of exact site and we do not know enough of specific proposals before Preparatory Commission to make a firm choice at this stage.

**564.** DEA/5475-M-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3719 London, December 20, 1945

SECRET. Following for Wrong from Wilgress, Begins: Preparatory Commission telegram No. 54.

Our telegram No. 42, December 12th, and your reply No. 25 of same date, regarding working capital fund.

1. Since that time experts have submitted three complete revisions of their plan as a result of representations, including our own. Yesterday, Committee 6 took following action:

(a) Recommended establishment at first part of first session of a fund, which is called neither temporary nor permanent.

(b) Advances to this fund "will eventually be set off in a manner to be determined by General Assembly at earliest possible date."

(c) The fund is to be sufficient to cover all expenditures through 1946.

(d) Advances to this fund are to be made in installments by all, repeat all, members in proportion to F.A.O. scale, and the General Assembly is to decide at first part of first session whether it should be the F.A.O.'s first year scale (Canada 5.09%) or second year scale (Canada 3.80%).

(e) F.A.O. scale will be superseded by U.N.O. scale as soon as latter is decided.

(f) Provision will be made at second part of first session for individual adjustments to latter scale.

2. Because of successive revisions of experts' plans, many delegations were not in a position at yesterday's meeting to give firm assent to newest proposals, particularly those delegates whose advances were to be increased from 10,000 dollars to substantially larger figures under F.A.O. scale. Accordingly, the general approval of the new plan is qualified as follows:

"The Committee agreed, in principle, to these paragraphs on the express understanding that they do not prejudge the financial obligations to be undertaken by member States at the General Assembly."

However, there was no opposition at all to the general principles involved.

3. The U.S.S.R. delegation was unable to accept immediately new proposal of experts that the second year of F.A.O. (being more up to date and presumbaly more fair) should be used as a basis for initial advances because they had not time to refer question to their Government. Hence, they asked that the matter be left open as indicated in 1 (d) above. Their percentage under F.A.O. first year is 8 and under second year is 10. On the other hand, the fact that all members would make initial advances, instead of just nine, would reduce their share of the whole in roughly similar proportion. Accordingly, they may well accept second year basis.

4. Argentine and Turkey have made specific reservations because they are not mentioned in either F.A.O. scale.

5. Choice of the host State is still too recent for any progress to have been made in budgeting. United States representatives are still speaking of normal years budget possibly exceeding 20,000,000 dollars, but United Kingdom believe this is substantially too high. At any rate that figure is no longer being used in connection with 1946.

6. One reason advanced in conversations by United States and United Kingdom for keeping the Organization in a very liquid position during first couple of years (in addition to those mentioned in paragraph 5 of our earlier telegram), is the possibility that the Security Council might suddenly wish to initiate extensive investigations or conferences involving large extra-budgetary expenditures. Under such circumstances it would be undesirable for the Council to have a complaint against the Assembly for insufficient provision of funds or, even worse, an excuse for a subsequent attempt to establish independent financial arrangements. For this and other reasons the experts will recommend to the General Assembly that the fund be maintained through 1947 at the level established by advances to meet expenditures through 1946, and that this proposal should be considered in September at the second session. End.

**565.** DEA/5475-M-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au sous-ministre par intérim des Finances*

*Associate Under-Secretary of State for External Affairs to Acting Deputy Minister of Finance*

SECRET Ottawa, December 22, 1945

Dear Dr. Mackintosh,

I am obliged to you for your letter of December 20th[157] replying to my letters of December 13th and 14th,[158] concerning financial problems of the United Nations Organization and the League of Nations. I am glad to note

[157]Document 697.
[158]Document 696.

your views which will, I think, be of considerable help to the Canadian delegation at the Assembly.

We have now received a further report from the delegation to the Preparatory Commission on the arrangements contemplated for the initial financing of UNO. This is contained in Mr. Wilgress' telegram No. 54 of December 20th, of which I enclose a copy. It seems to me that the changes made from the earlier plans are practicable and constitute an improvement, and I feel that the Canadian delegation can agree to these proposals whether or not the initial advance is based on the first year's scale or the second year's scale of the Food and Agriculture Organization.

Yours sincerely,

H. H. WRONG

**566.** DEA/5475-J-40

*Le représentant, la Commission préparatoire des Nations Unies, au sous-secrétaire d'État aux Affaires extérieures*

*Representative, United Nations Preparatory Commission, to Under-Secretary of State for External Affairs*

CONFIDENTIAL London, January 14, 1945

Dear Mr. Robertson,

I enclose three copies of a report dated January 4 on the work of the Preparatory Commission of the United Nations which I submit in my capacity of Canadian representative on the Preparatory Commission.

This report is based on the draft[1] which Mr. Reid sent you on December 28.

Yours sincerely,

L. D. WILGRESS

[PIÈCE JOINTE/ENCLOSURE]

DEA/5495-J-40

*Rapport du représentant, la Commission préparatoire des Nations Unies*

*Report by Representative, United Nations Preparatory Commission*

CONFIDENTIAL [London,] January 4, 1946

1. Experience at the preparatory Commission demonstrated that if Canada sends to a general international conference a competent and hard-working delegation, it becomes almost automatically one of the Big Five of the conference.

2. French delegations at international conferences during 1945 have been tragically weak. The Scandinavian countries, which used to play so large a role at Geneva, are not yet able to send strong delegations. The strength of the Belgian delegation to London lay in one man, Mr. Spaak, but he played a big

role on only one committee, that on the choice of the site. The strength of the Netherlands delegation lay also in one man, Dr. Pelt, but due to his energy and ability he was able to influence very greatly the committees on the General Assembly, on the Secretariat and on finance.

3. The Chinese delegation contained two powerful members — Dr. Koo and Dr. Victor Hoo; without them the Chinese delegation would have played a minor role.

4. The influence of the leading powers at the Conference was probably very much in this order:

United Kingdom
U.S.S.R.
United States
China
Canada
Australia
Netherlands
Brazil
Mexico
Iran
France

5. The strength of the delegations from Brazil, Mexico and Iran was derived entirely from the ability of Mr. Freitas-Valle, Mr. Nervo and Mr. Entezam respectively.

6. The mixture of members of parliament and of civil servants in the Canadian delegation was a source of great strength. Experienced House of Commons men are able quickly to sense the feeling of an international meeting and to intervene at the right moment and in the right way. In the work of the Preparatory Commission their experience was of particular value in working out the Canadian revisions to the rules of procedure of the various organs.

7. As soon as the delegates arrived in London they were put hard at work in delegation meetings, and in meetings of sub-committees of the delegation. On every weekday throughout the Conference the delegation met from 9 to 10.15 in the morning and held a full discussion of problems which were likely to arise during the next day or so. Thus every member of the delegation was made to feel that he was expected to contribute to the utmost of his ability to the success of the work of the Preparatory Commission.

8. Daily press conferences were held by Mr. Reid with the Canadian newspapermen in London. These began at 10 a.m. and usually lasted until about 10:45 a.m. The direct result of the press conferences was presumably a more intelligent coverage of the news by the Canadian newspapers; the indirect — and probably in the long run the more important — result was that the group of Canadian newspapermen who know something of the real problems of the United Nations is gradually increasing.

9. The ability of Mr. Picard and Mr. Cote to speak fluently in either French or English was a source of strength to the delegation, and it is to be hoped that future Canadian delegations to international conferences will include a substantial group of members who are fluent in French.

10. Much of the influence which Canada exerted at the Preparatory Commission was the result of Canadian membership on the numerous and influential sub-committees which were created. In order to get on as many sub-committees as possible the delegation submitted proposals or amendments as early in the conference as it could. The value of this was amply demonstrated.

11. The Report (dated November 2, 1945) by the Canadian Delegation on the work of the Executive Committee listed in paragraph 9[159] the following seven main points of difference which existed between the delegations represented on the Executive Committee:

(1) The conception of one single Secretariat as opposed to the idea of a separate department of the Secretariat to be allotted to the Security Council;

(2) The relative importance of the criterion of equitable geographical distribution and the criterion of personal competence in the selection of chairman of the working committees of the Assembly and of advisory committees of experts;

(3) The amount of preparatory work which the Executive Committee and the Preparatory Commission might wisely and usefully do for the first meetings of the Security Council;

(4) The relations of the United Nations with the I.L.O.;

(5) The relations of the United Nations with the League of Nations;

(6) The choice of the site of the United Nations;

(7) The establishment of a temporary Trusteeship Committee.

12. Of these seven points the fourth was not touched upon during the Preparatory Commission since there was general agreement between the powers principally concerned that it would be wise to let the dispute on this stand over until the sessions either of the Assembly or of the Economic and Social Council.

13. The other six points listed did provide the main sources of controversy in the Preparatory Commission, though to these were added two other points — the question of official and working languages, and the question of how many of the United Nations should be permitted to see records of private meetings of the Security Council.

14. The solutions of the major controversies were affected by an agreement which seems to have been arrived at behind the scenes by the United States and the United Kingdom early on in the conference that they would not, if at all possible, press any one of the major controversies to a vote if the vote would result in the Soviet Union being put in a small minority.

15. Thus the first point was met by a compromise under which the Soviet Union was awarded the title of a department — "Department of Security Council Affairs" — but very little else, since this so-called Department of Security Council Affairs will serve both the Assembly and the Security Council in political and security questions. The compromise is, however, an unstable one and though it is to be hoped that it is not re-examined during the first year

[159]Voir le document 536./See Document 536.

or so of the United Nations, it will probably require re-examination shortly after.

16. The second point likewise resulted in a compromise under which the criterion of personal competence is not given the weight which it should be given in the interests of the whole Organization.

17. The five Great Powers obviously decided shortly after the Preparatory Commission began its work that they would resist any changes of substance in the Chapter on the Security Council in the Report of the Executive Committee. At the beginning the Great Powers were willing to accept minor improvements in that Chapter. Thus the United States and the United Kingdom members of the Security Council Committee approved informally, and in their personal capacities, the text of the explanatory notes which Canada submitted, and also the text of the amendments on secret balloting on the appointment of the Secretary-General, and on suspension and amendment of the rules. However, shortly after this informal discussion, the United States delegate received instructions from the Chiefs of Staff in Washington to resist any further change however slight. (This information was given us by him in the strictest confidence.) These instructions he interpreted so literally that at one time he said in private that the United States delegation could not accept the deletion of the two "whereas's" from the draft directive to the military staff committee.

18. The controversy on the fifth point — "The relations of the United Nations with the League of Nations" — appears to have resulted in a generally acceptable compromise.

19. The discussion and controversy over the sixth point — "The choice of the site of the United Nations" — demonstrated that the Canadian proposal made in the Executive Committee, that no vote be taken on this recommendation, was sound. The debate would have been less acrimonious, though it might have led to the same result, had it not been forced into a straight-jacket by this recommendation. The choice of the United States will undoubtedly leave a great deal of bitterness. Before the United States was chosen it fortunately became clear however, that, regardless of what the United States said officially, it was pushing very hard to get the seat in the United States. Thus the United States is itself in large part responsible for the choice of the United States as the host state and, being in large part responsible, it must assume an even greater degree of responsibility than before for the success of the United Nations.

20. The controversy over the seventh point — "The establishment of a temporary Trusteeship Committee" proved almost the most difficult to resolve, and unfortunately the final decision was one to which a member [number?] of states had to attach formal reservations — the only formal reservations which were made to any part of the Report of the Preparatory Commission.

21. The results of the work of the Executive Committee and of the Preparatory Commission are encouraging. Within six months of the signature of the Charter at San Francisco all 51 United Nations have ratified the

Charter and have reached agreement on a bulky volume of recommendations, resolutions and reports. Unless some unforseen event occurs the result will be that the various organs of the United Nations need each spend only a day or so rubber-stamping the recommendations of the Preparatory Commission. This means that in a day or so each organ will have sent other parts of the Report to committees for study and revision. The organs will thus be able to get down to their real business of dealing with questions of substance within a few days after they are set up.

22. Had the Preparatory Commission not been held, or had it been, as was contemplated by most of the members of the Executive Committee, a formal conference of heads of mission in London to rubber-stamp at plenary sessions the Executive Committee's Report, this happy event would not have been possible and the Assembly would have debated organizational questions for at least four weeks.

23. The form which the Preparatory Commission took seems to have been the accidental result of the fact that the Canadian member of the Executive Committee (Mr. Reid) assumed that all the other members had the same idea of the Preparatory Commission as he had, namely that it would be a hard working conference which would split up into committees. Actually all the members seemed to have had the opposite idea, but when Mr. Reid incidentally mentioned his conception they rallied to it in the course of two weeks or so.

24. Much of the work which the Preparatory Commission did could have been done, and perhaps done as well, by a small group of highly qualified officials got together by the Executive Secretary. This procedure would have been analogous to that followed by Sir Eric Drummond[160] in the early days of the League. However, this procedure would not have had the same educational value which the Executive Committee and the Preparatory Commission have had on those who participated in their work. The long arguments in the long committee sessions, which went on for thirteen weeks in all, were to a very great extent a discussion between the Soviet world and the Western world. If the Soviet Union had not been present, the Executive Committee and the Preparatory Commission could have done their work in about one-third of the time they actually took. But the long discussion has given the representatives of the Western world a greater knowledge and understanding of the Soviet approach to international administration and an organized international conference system. Presumably it has likewise given the Soviet representatives a greater knowledge and understanding of the western approach to international administration and an organized international conference system.

25. The Soviet, who are always worried by the thought that they do not possess persons who can compete on equal terms at international conferences with representatives of the Western world, must feel, as the result of the work of the last six months, somewhat more assured. The individual capacity of their delegates to the Executive Committee and the Preparatory Commission was on

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[160]Secrétaire général de la Société des Nations, 1919-1933.
Secretary-General, League of Nations, 1919-1933.

the average as high or higher than that of any other delegation. Their international lawyers topped all the other international lawyers present except Mr. Bailey of Australia. Moreover, their men have visibly grown in ability in the past five months — Mr. Gromyko and Mr. Roschin, for example, are now much more able to hold their own in discussion without having to fall back on the simple negative repeated monotonously for a long period.

26. One dominant theme in the first Assembly of the United Nations, as in all future Assemblies, will be the preservation of a proper balance between the Assembly, the Security Council and the Secretary-General. The smaller powers will try to tip the balance in favour of the Assembly as against the Security Council. The British States and all other states accustomed to responsible government will resist attempts by the United States to make the Secretary-General not the chief civil servant but the international equivalent of a United States cabinet member (with however no President to be responsible to). The Soviet will play up the special position of the Security Council and will resist efforts by the Assembly to occupy effectively the political and security field.

27. During the last six months it has become clear that the powers of the Assembly are potentially larger than was thought when the Charter was signed. Thus, though the Charter explicitly gives the Assembly power only to establish regulations on the appointment of the staff of the Secretariat, the 51 United Nations have agreed to a report in which the General Assembly is requested to approve recommendations concerning nearly every aspect of the work of the Secretariat.

28. This power flows from Article 10 of the Charter under which the General Assembly may make recommendations on any matter relating to the powers and functions of any of the organs of the United Nations (subject to the one proviso contained in Article 12, which relates only to disputes and situations).

29. Moreover the Assembly derives a potentially enormous power because the budget of the organization must be approved by it and, in approving the budget, it can settle for example the structure of the Secretariat.

30. The interests of the Organization will be furthered by preserving intact all the implied as well as the explicit powers of the Assembly, even though it may not be wise for the Assembly to exercise all its powers immediately or in relation to certain matters. It is therefore, suggested that Canadian delegations to meetings of the organs of the United Nations should be instructed to resist any interpretation of the Charter which restricts the potential powers of the Assembly.

31. A decision will have to be made on how far the Canadian delegation to the Assembly should go in pressing for the election of competent chairmen of the main committees. The Great Powers will prepare a slate of committee chairmen and expect it to go through automatically. This slate will probably contain a number of incompetents. Since it is embarrassing to single out one or two nominees and oppose them, it might perhaps be wise if Canada, in consultation with a number of other responsible middle powers, agreed in

advance to arrange for contested elections in all the main committees or to press for reconsideration of the proposal for a nominations committee.

32. It is clearly unlikely that the resolution on atomic energy framed at Moscow[61] will go through the Assembly without critical examination. One question which will be asked is whether the veto extends to the giving of directives to the Atomic Energy Commission and to the publication of its recommendations. The policy of the Canadian Government on this and on other aspects of the draft resolution will need to be communicated to the Canadian delegation.

33. Another item which is delicate and on which instructions will be needed is the question of refugees which is now on the agenda for both the Assembly and the Economic and Social Council.

34. In the debate in the Assembly the Members will raise urgent questions which they consider should be given immediate attention. Possibly Canada ought to be prepared to raise itself a number of urgent questions to which it thinks high priority should be given.

35. The procedure to be followed in calling international conferences on trade and on health will occasion debate in the Assembly. The Mexican representative, Mr. Nervo, proposed late in the Preparatory Commission that instead of calling special ad hoc conferences on questions such as these, an extraordinary session of the Assembly should be summoned to discuss each of them. This proposal was made too late to be examined thoroughly, but it would appear to offer obvious advantages. For one thing an extraordinary session of the Assembly called to draft an international trade convention would automatically have from its very first session an agreed set of rules of procedure. It would also have a staff experienced in handling an international conference. Moreover, the use of the Assembly for this purpose would increase the prestige of the Assembly, and would tend to develop its international legislative powers. There would also be less danger that an independent and unrelated agency would be established since the General Assembly, even though it might decide that a separate agency should be established for trade problems, would at the same time work out the agreement between that agency and the United Nations.

36. The deferred controversy over relations with the I.L.O. will break into the open either in the Assembly or the Economic and Social Council, and instructions on this matter will be required by the delegation.

37. Another matter on which instructions will be required will be on the treaty between the United Nations and the United States relating to the site of the United Nations. If a point near the border is chosen, such as Grand Island, it will probably be necessary to include in this treaty, or in a supplementary treaty made with Canada, provisions under which Canada undertakes special obligations. It might, for example, be necessary for Canada to transfer to the United Nations the adjacent Navy Island.

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[61] Document 662.

38. Another matter on which instructions will be required is on the general multilateral convention granting privileges and immunities to the United Nations. It looks as if the Chinese and Soviet Delegations may be reluctant to agree to a binding and precise convention and may prefer innocuous general resolutions.

39. The sub-committee on the permanent seat of the United Nations will propose to the Assembly some six seats which will probably include Boston, New York, Hyde Park, perhaps a place in the Connecticut River Valley, and Grand Island. Canada's preference between these sites should be indicated.

40. Other questions on which instructions would be useful are the following:

(1) Loans guaranteed by the League of Nations
(2) Setting up of Trusteeship Council
(3) Question of working and official languages
(4) The admission of new Members
(5) The appointment of the Secretary-General
(6) Elections of Members to the Councils

41. Canada's chances of election to the Economic and Social Council are at the present not good. We can scarcely hope for election unless we receive the support of most, if not all, of the Latin-American republics. These republics seem to be firmly convinced that a state which is a member of the Security Council ought not to be elected to the Economic and Social Council. They believe in the sharing of honours. In this attitude they appear to be supported by a considerable number of other delegations. It would seem that the best thing for us to do is to meet this argument head on in public in a speech in the General Assembly, and to support for membership in the Economic and Social Council states which have been elected to the Security Council.

42. At present we have a more than even chance of being elected to the Security Council, but it is possible that our chances may be weakened by the application of the theory of the distribution of honours since we are virtually assured of election to a very important body, the Atomic Energy Commission.

43. Competition for the Security Council will probably be diminished if three of the non-permanent members are elected for only 8 month terms since states which fear that they will only get an 8 month term may prefer to wait till September and try to get a 2 year term. Canada's chances of election will also of course be affected by the general position it takes in controversies between the Great Powers and the smaller powers. If Canada swings too much to the support of the Great Power position it may lose more small power votes than it will gain from the votes of great powers and their satellites.

44. So far in the Executive Committee and the Preparatory Commission Canada has steered a middle course, and has been able, on the merits of the questions which have come up, to vote against the Great Powers about as frequently as it has voted with them. It is to be hoped that this happy situation will continue.

## PARTIE 2/PART 2
## INSTITUTIONS SPÉCIALISÉES
## SPECIALIZED AGENCIES

### SECTION A

### COUR PERMANENTE DE JUSTICE INTERNATIONALE
### PERMANENT COURT OF INTERNATIONAL JUSTICE

**567.** DEA/7-V-1s

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*
*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 304 Ottawa, March 26, 1945

Sir,

You will recall that no effort was made during the Dumbarton Oaks conversations to prepare a statute for the International Court of Justice envisaged by Chapter VII of the proposals on the establishment of a general International Organization that resulted from those discussions.[162] The proposals contemplated that the statute should be either (a) the statute of the Permanent Court of International Justice continued in force with such modifications as may be desirable or (b) a new statute in the preparation of which the statute of the Permanent Court of International Justice should be used as a basis.

It is now deemed desirable to have a preliminary meeting of jurists of the United Nations to prepare, prior to the San Francisco Conference, a draft of a statute to be submitted to that conference for consideration.

Accordingly, the Government of the United States of America on behalf of itself and of the Governments of the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, and the Republic of China, invites the Government of Canada to send a representative to a meeting of the United Nations Committee of Jurists to be convened at Washington on April 9, 1945, for the purpose of preparing a draft of a statute of an International Court of Justice.

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[162]Voir États-Unis/See United States,
*Department of State Bulletin*, Volume 11, October 8, 1944, p. 370.

The above named governments suggest:

a. That each of the invited governments appoint one representative to the Committee of Jurists, to be accompanied, if desired, by not more than two advisers.

b. That if the work of the Committee of Jurists is not completed by the time the United Nations Conference begins, sessions should be continued at San Francisco.

Accept etc.

RAY ATHERTON

**568.** DEA/7-V-1s

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 34 Ottawa, April 2, 1945

Excellency,

I have the honour to refer to your note No. 304, March 26, 1945, in which you transmitted, on behalf of the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, and the Republic of China, an invitation to the Government of Canada to send a representative to a meeting of the United Nations Committee of Jurists to be convened at Washington on April 9, 1945, for the purpose of preparing a draft of a statute of an International Court of Justice.

The Government of Canada will be glad to cooperate in this work and has appointed as a representative to this meeting of the United Nations Committee of Jurists John E. Read, K.C., Legal Adviser of the Department of External Affairs.

The arrangements for advisers have not yet been completed, but it will probably be possible to let you have their names within the next day or two.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**569.** DEA/7-V-1s

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs*
*to Ambassador of United States*

No. 35 Ottawa, April 4, 1945

Excellency, —

I have the honour to make further reference to the arrangements for the meetings of the Committee of Jurists in Washington commencing Monday, April 9.

The Canadian Government has appointed as advisers
The Honourable Phillippe Brais, K.C., of the Quebec Bar;
The Honourable Wendell B. Farris, Chief Justice of British Columbia.

It is understood that representation is limited to the representative on the Committee and two advisers. Mr. Rogers Chaput of this Department is accompanying them as Secretary to the Canadian delegation.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**570.** DEA/7-V-1s

*Le deuxième secrétaire, le ministère des Affaires extérieures,*
*au sous-ministre de la Justice*

*Second Secretary, Department of External Affairs,*
*to Deputy Minister of Justice*

TOP SECRET Ottawa, April 26, 1945

Dear Mr. Varcoe —

In continuation of my letter of April 9,† I enclose a copy of memorandum prepared by Mr. Read, reporting on the meeting of the Committee of Jurists in Washington this month to discuss the future of the Permanent Court of International Justice.

Yours sincerely,

M. H. WERSHOF

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du conseiller juridique*

*Memorandum by Legal Adviser*

UNITED NATIONS CONFERENCE ON INTERNATIONAL ORGANIZATION
CONFIDENTIAL MEMORANDUM
MEETING OF COMMITTEE OF JURISTS, WASHINGTON
APRIL 9TH-20TH, 1945

TOP SECRET

1. The report of the Rapporteur and the draft Statute of an International Court of Justice[163] give a clear indication of the work which was done at the Washington meetings of the Committee.

2. This Memorandum will confine itself to the points which are likely to give rise to controversy at San Francisco.

3. *The questions raised in Article 1 of the Draft Statute.*

There are two contrasting views with regard to the nature of the Statute.

The first view is that the old Statute should be continued and that the new Statute should be in the nature of a revision and consolidation of the old. A very substantial number of countries represented on the Committee of Jurists favour this course. It offers definite advantages. It ensures the continuity of the Court. It preserves its jurisdiction under several hundreds of international agreements, many of which continue in force, the most recent being the Aviation Agreement.[164] It preserves the position of States which have accepted the Optional Clause.

The second view, which has received substantial support, is that a new Statute, based upon the old Statute adapted to meet present-day needs, should be brought into operation by a new multilateral agreement. It would be annexed to and form a part of the Charter. It is likely that it can be brought into being with less delay than would be involved in a Statute providing for revision and consolidation. The old Statute has no provisions for amendment and changes can only be made with the unanimous agreement of all of the parties. The effect of most of the treaties conferring jurisdiction can, to a large

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[163]Voir Nations Unies, *Documents de la Conférence des Nations Unies sur l'Organisation internationale, San Francisco, 1945*. Volume XIV, Londres et New York, United Nations Information Organizations, 1945, pp. 854-87.
See United Nations, *Documents of the United Nations Conference on International Organization, San Francisco, 1945*, Volume XIV, London and New York, United Nations Information Organizations, 1945, pp. 821-53.

[164]Voir Canada, *Recueil des traités*, 1944, N° 36.
See Canada, *Treaty Series*, 1944, No. 36.

extent, be preserved by a General Agreement along the lines suggested in the comment in the Canadian brief,† para. 3, sub-para.(d), pp.7 and 8.[165] Upon the acceptance of the Charter and Statute of the Court by all countries, there would be complete preservation of existing jurisdiction.

There is a political angle to this question which should not be overlooked. Some of the countries, especially the Soviet Union, would have very strong objections to the continuation of the old statute. It would give a voice in the organisation and control of the Court to States which are not members of The United Nations, such as Estonia, Germany, Japan, Italy, Spain, etc. If Chapter VII, para. 5 of the Dumbarton Oaks proposals is intended to mean that States which are not members of The United Nations can only be parties to the Statute upon appropriate action by the General Assembly and the Security Council, the continuation of the existing Statute would be inconsistent with the proposal.

4. The disposition of the questions raised in Article 1 may involve the submission of drafts.

(a) *Suggested draft based upon continuation of the present Statute and Court.*

*Article 1.*

The Permanent Court of International Justice established in 1920 shall function under this Statute, and shall be the chief judicial organ of the United Nations. This Court shall be in addition to the Permanent Court of Arbitration organised by the Conventions of The Hague of 1899 and 1907 and to other tribunals to which States are at liberty to submit their disputes for settlement.

(In this draft the particular references to the old Statute are restricted to a minimum with a view to making it less offensive. The second sentence is modified in accordance with understandings reached at the meeting of the Committee of Jurists. The preservation of the position of special tribunals of arbitration was inconsistent with the French text and seemed to imply that the position of general tribunals might be prejudiced. It would be better to drop the sentence out entirely, but if it is retained it is essential that the preservation of alternative methods of disposition of disputes should be broad enough to extend to all types of tribunals including the International Joint Commission!)

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[165] Le paragraphe (d) se lisait comme suite:
Paragraph (d) read as follows:

(d) Continuity and existing jurisdiction could be substantially preserved by appropriate provisions in a new Statute of the Court. For example, a provision whereby it was agreed by all of the participating States that all treaties conferring jurisdiction upon the Permanent Court, to which they were parties, should be deemed to confer jurisdiction upon the Permanent Court of International Justice as established by the new Statute, would be effective in most instances and would ultimately be completely effective upon accession of all, or substantially all, civilized States. In so far as the Optional Clause is concerned, there could be a similar provision in the new Statute, and those countries which were still content to accept compulsory jurisdiction would doubtless accept it.

(b) *Suggested draft based upon establishment of a new Court.*

*Article 1.*

(1) The Permanent Court of International Justice is hereby established and shall function under the present Statute as the chief judicial organ of The United Nations.

(2) This Court shall be in addition to the Court of Arbitration organised by the Conventions of The Hague of 1899 and 1907 and to other tribunals to which States are at liberty to submit their disputes for settlement.

(3) The Permanent Court of International Justice established under the provisions of this Article shall be deemed to continue and may exercise, under the provisions of any treaties or conventions in force, any jurisdiction which has been conferred upon the Permanent Court of International Justice established by the Protocol of Signature of December 16, 1920, by treaties and conventions now in force.

(The third paragraph might just as well be placed among transitory provisions in a Protocol bringing the Statute into force; or in the Charter; or in the Protocol bringing the Charter into force, along with other transitory provisions. It should be recognized that it would not immediately preserve all existing jurisdiction. It would, for example, preserve jurisdiction under the Aviation Convention because the parties to it and to the Charter would be identical. It would preserve jurisdiction under all Agreements in which both or all of the parties accepted the present Statute. It would presumably be made a condition of admission to the fold that other countries, both enemy and neutral, should agree to the Court's jurisdiction. Ultimately all existing jurisdiction would be preserved.)

5. There is no special Canadian interest in this matter. The Canadian and American Bar Associations recommended that the present Statute should be continued with necessary modifications, but that, if the creation of a new Statute should be deemed unavoidable, the continuity with the past should be fully maintained and jurisdiction conferred on the Court under existing treaties and agreements should be preserved. There would be no serious disadvantage to any country concerned, and this appears to me to be a case in which even a substantial majority should give way to meet a minority position if the concession would result in a more general acceptance of the Court.

6. *The questions raised in Articles 3-13 of the draft Statute.*

7. It will be observed that alternative proposals are presented, covering some of these Articles, which are concerned with the nomination and election of Judges. The following comments will indicate the position:

(a) The Committee of Jurists decided by a very large majority that the number of the Court should be maintained at 15 members. The U.K. delegation tried hard to reduce the number to 9. Bearing in mind that the system of nomination and election was of such a character as to make it certain that the Court would always contain members from the countries having permanent seats on the Security Council, it was thought by most of the members of the Committee that there would be dissatisfaction with a Court of

9, with only 4 members from the other countries including both middle and small powers. It was also thought that 4 was too small a number to give effect to the provisions of Article 9. The Sub-Committee which studied this problem had the advantage of consultation with two members of the Court, and with one ex-Judge (the Chinese representative) who had sat on the Court when it consisted of 11 members and whose term of office extended over into the period when the numbers had been increased to 15. It was made clear to the Sub-Committee that the increase to 15 members was essential in order to enable the Court to do its work. Further, most of the Sub-Committee expected that there would be a substantial increase in the business of the court arising from United States membership. The Committee and Sub-Committee were influenced by the recommendation of the American and Canadian Bar Associations that the number of 15 Judges should not be reduced. There would therefore appear to be good reasons for resisting an effort which will probably be made at San Francisco to re-open this question and to reverse the position taken by the Committee of Jurists.

(b) On the question of whether Judges should be nominated by governments or by national groups, there was a very close vote. The Committee was equally divided and the Chairman ruled that the motion was lost. On this point the Bar Associations recommended that the present practice should be continued, but there does not seem to be any strong Canadian interest either way. The present practice is described in the Canadian brief at p. 21 para 2, and it is clear that the method followed in Canada could be continued even if the Statute provided for nomination by the Government. When I sat on the sub-committee studying this point, I followed the Bar Association recommendation, but was prepared to accept the U.K. proposal in deference to the views of the majority of the sub-committee. When the question was raised again in the main committee as the result of a very strong appeal from the United States delegation, I went back to my original position. I think, however, that this is a case in which the United States might very well be willing to make concessions. The United States view is based largely on the embarrassment which would be placed upon their Government if they had to nominate directly, but they could follow the same course as we do and accept the advice of their national group and thus get rid of most of their political difficulty.

(c) The third point relates to the number of nominations. The United Kingdom led a movement to cut down the number to one and to restrict the countries to nomination of their own nationals. Here again I followed the general views which had been approved by the Bar Associations, bearing in mind that there had been some advantage to countries such as Canada, which were unlikely to have Judges on the Court, to have a part in the nomination of candidates who were likely to succeed. There is, however, no very strong Canadian interest on this point. On the other hand, I do not think that there is any very strong United Kingdom interest unless San Francisco reverses the position taken by the Committee of Jurists on the next point.

(d) The United Kingdom had proposed that defeated candidates should become members of the Court available on call to serve on the Court when the

Court became short-handed. The countries would be limited to such members in their selection of *ad hoc* Judges. If it is revived and action taken in Washington reversed, it would follow automatically that each country should be limited to a single nomination of one of its own nationals.

8. *The questions raised in Article 36 of the draft Statute.*

9. Article 36 is presented in parallel columns. The left-hand column sets forth the Optional Clause taken directly from the old Statute with practically no change of any sort. The right-hand column presents a scheme for compulsory jurisdiction. The following observations are made.

(a) Paragraph one defines the extent of the jurisdiction of the Court. If the parties agreed to submit a matter to the Court which did not come within the limitations prescribed by paragraph one, the Court would be bound to rule that it was without jurisdiction and that it could not deal with the matter notwithstanding the concurrence of the parties. The United Kingdom urged very strongly that there should be inserted the word "justiciable" governing "cases" or some similar word or phrase such as "of a legal character." The reason for this revision is to prevent the Court from being concerned with political questions. There was a strong feeling to the effect that the Court would lose the respect of the world if it went beyond justiciable matters in its jurisdiction. This point was taken by Judge Jackson of the Supreme Court of the United States in a very able address before the American Society of International Law on April 14. There was general agreement in the Committee that it was desirable that the Court not be concerned with other than judiciable disputes. There were, however, many of the delegates who felt that "justiciable" was a very vague word, lacking in exact definition. Others felt that the alternative phrase "of a legal character" might present unforeseen difficulties. Further, the application of the paragraph by the Court during the last 25 years had not presented any difficulty. The principal objection was to the Austrian reference which was clearly both a justiciable dispute and a dispute of a legal character. The objection, if sound, should have been taken to the action of the Council of the League in referring the matter to the Court. The Committee therefore by an appreciable majority rejected the proposal.

(b) The principal point of difference concerned the question of compulsory jurisdiction. The draft in the right-hand column presents the views of a substantial majority of the Committee. It provides compulsory jurisdiction for legal disputes in four classes of cases. The compulsory jurisdiction under paragraph 2 of this draft is narrower in its scope than the voluntary jurisdiction which may arise under paragraph 1, but it is still very extensive. There is no provision for reservations or for contracting out in any way. There was a very solid objection to this position taken by the U.K., U.S.A., U.S.S.R., France, Norway and perhaps three or four other countries. I objected to it largely by reason of the fact that it offered no scope for essential reservations such as those which are set forth on pp. 38, 39, 40 and 41 of the Canadian brief. The United States delegate, Mr. Hackworth, who was President of the Committee, made a very strong appeal for the maintenance of the system of the Optional

Clause. He assured the Committee that the United States could be expected to accept the Statute of the Court on the basis of the Optional Clause and that there was good reason to expect that the Optional Clause would also be accepted by the U.S.A. perhaps later. He did not say that the United States would be unable to accept a Statute with compulsory jurisdiction, but I am convinced that he had a good deal of doubt as to United States acceptance on a compulsory basis. The British and French objected strongly, but I think that they would be unwilling to stay out of the Court even if it were established on a compulsory basis if the Statute were accepted by the U.S.S.R. and the U.S.A. It was very clear that the Soviet representatives did not think that their Government could accept the Statute on a compulsory basis.

(c) The Bar Associations had put forward a proposal which was the basis of the draft in the right-hand column, but which included an additional provision that, in becoming a party to the Statute, a State should be permitted to attach reservations to its acceptance of compulsory jurisdiction and thereafter to withdraw or waive or limit such reservations. Reservations made by a State were to enure to the advantage of any other party to a dispute against which the State might have invoked the Court's jurisdiction. This view commended itself to a good many of the delegates. It was actually put to a vote and defeated, but in view of the fact that few of the members of the Committee heard the motion or knew what they were voting about, it is not certain what the actual sentiment of the Committee was on the point. In substance a provision of this sort would go a long distance to meet the difficulties which are faced by the countries which prefer the Optional Clause. It would not, however, meet the traditional jealousy of the U.S. Senate in asserting its right to make the approval of the Senate a condition upon the validity of any Agreement for submitting a question to international arbitration. Traditionally, the Senate has insisted that particular international questions should be subject to approval by two-thirds majority of the Senate. Further, I am doubtful as to whether the Russians would accept this compromise position. Insofar as Canada is concerned, our experience in the past would indicate the need to extend it so as to make it possible, not merely to withdraw or waive or limit reservations, but also to add additional reservations to meet future conditions. With such an extension the Canadian position would be indistinguishable in substance from that which we have enjoyed under the Optional Clause.

(d) This question, like the point arising under Article 1, is the sort of question which might affect the question of acceptance or non-acceptance of the Statute. It might give rise to difficulties which would go beyond the Court question and affect the broader position under the Charter of The United Nations. It might form a focal point for a revival of isolationist sentiment on this continent. I should think that it would be necessary fully to explore the U.K., U.S.A., U.S.S.R. and French position and to try to avoid any position which might wreck the main scheme. (I do not think that my fears in this point were shared by the Canadian Advisers, except, perhaps, Chaput).

(e) It should not be overlooked that this question is one of differences in the method of approach to an objective which is desired by all. There is a general desire, shared by *all* of the United Nations, to reach a position in which there will be general compulsory jurisdiction to deal with legal questions. One view based upon logical reasoning to which there is no easy answer, is that the objective could best be attained by an immediate universal acceptance of compulsory jurisdiction. The other view is that the objective could more certainly be obtained by beginning with voluntary jurisdiction and providing machinery whereby the countries concerned could accept compulsory jurisdiction under the Optional Clause. Following upon the adoption of the Statute of the Permanent Court in 1920, 46 out of 51 parties to the Statute accepted the Optional Clause. It took nearly 10 years before the United Kingdom, Canada and other nations of the Commonwealth were ready to accept the Optional Clause. There can be little doubt that acceptance would have been universal if it had not been for the decline in internationalism in the "30's". If, as it is hoped, the United Nations, as a scheme for World Organization, succeeds, there will be a progressive growth of world sentiment favouring the international disposition of political and juridical questions. It can be expected that this will be accomplished by a general acceptance of the Optional Clause so that it will not be many years before there is in fact universal acceptance of the principle of the settlement of international disputes by judicial process. It is suggested that the Canadian policy might be to bring about the acceptance of the draft in the right-hand column with the addition of a suitable provision for reservations; but that, if it proves to be impossible to get *unanimous* acceptance of this course, the Canadian policy might be to urge the majority to acquiesce in the maintenance of the present position, rather than to take a chance on non-acceptance of the Statute by any of the countries concerned.

10. *Chambers to deal with particular cases.*

11. The most important change in the Statute of the Court is tucked away in Article 26. This Article provides that the Court may at any time form a Chamber for dealing with a particular case. It provides that the number of judges to constitute such a Chamber is to be determined by the Court with the approval of the parties. This needs to be read in conjunction with Article 28 which provides that the Chambers under Articles 26 and 29 may, with the consent of the parties, sit and exercise their functions elsewhere than at The Hague.

12. While there is a sort of conventional understanding that everybody should talk about what wonderful work the Court has done, it is impossible to overlook the fact that the Court as it has functioned is not an entirely satisfactory world tribunal. It has not attracted to itself a large proportion of international questions which are dealt with by pacific means. It has failed to supplant *ad hoc* tribunals, especially where difficult problems need to be dealt with. We have had, during the period when the Court has been functioning, a dozen or more important international questions, all with the United States. They have been dealt with for the most part by the International Joint Commission, with

two of them by special tribunals, namely, the *Trail Smelter*[166] and the *I'm Alone*[167]. Measured on a basis of their relative importance, they would compare favourably with the general run of cases before the Permanent Court. I should not be inclined to advocate the transferring to the World Court of the job which is done by the International Joint Commission. On the other hand, a World Court should be capable of doing the sort of jobs that the Commission does very well indeed.

To deal with cases such as those referred to above, it is necessary to have a reasonably small Court which is capable of moving to the place where the international dispute has arisen. In the Trail Smelter case, for example, the tribunal met at the following places: Washington, Spokane, Ottawa, Montreal. In addition it surveyed the Columbia valley and went over the plants at Trail. It could not have done justice otherwise. It may be important that an international tribunal should present itself in the place in which the dispute has arisen and give to the people affected in both countries concerned an opportunity to have their day in court. A feeling may thus be created that justice is being done and people are ready to accept an adverse decision by a court more readily, if they have the feeling that the court has given full consideration to all aspects of the question.

The present provision gives the Court the power which is necessary in order to enable it to work out this problem in conjunction with the parties. At Washington there was an attempt by the Philippine representative to curtail the powers of the Court on this point by specifying the number of judges who should form a Chamber of this sort. This movement was successfuly resisted by Mr. Hackworth and there should be no real difficulty in preserving the provisions of Article 26(2) and (3) intact.

13. There is one point which arose with the discussion of Article 31. In the provision for *ad hoc* judges the right of representation seems to be limited to cases *inter partes*. We had some discussion of an alternative draft for para. (2) and (3) which had been put forward by the United Kingdom representative. The alternative draft was clearly preferable from every point of view, especially in that it made it possible to provide for *ad hoc* judges in the case of proceedings for advisory opinions where a particular country had an interest. It is possible that a reference might be made under Dumbarton Oaks proposal, Chapter 8, Section A, para. 6, or under Article 65 of the present Statute, in which there might be an important interest of a particular country which did not have a judge on the Court. A question might be dealt with by this procedure which would be as important or even more important than questions arising *inter partes*. When we were discussing this question in the drafting committee, there was a general feeling that Article 31 should be left as it is. It

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[166]Voir le volume 4, documents 457, 466, 468-9; le volume 5, documents 208-19.
See Volume 4, Documents 457, 466, 468-9; Volume 5, Documents 209-10.

[167]Voir le volume 4, documents./See Volume 4, Documents,
370, 372-3, 375-7, 379-81, 384-5, 388, 390-3, 398, 401-4, 407-9;
Le volume 5, documents./Volume 5, Documents,
126, 129, 132-5, 140-1, 143-4.

was very badly drafted, but it has worked well in practice. I think that we had in mind the possible incorporation of another provision applying the provisions of Article 31 to proceedings under Chapter 4 of the Statute. We never got around to it. The place where we thought that it might be dealt with was in Article 68, and *i* think on the whole that the Court would have ample power in that Article if a case arose in which a particular State had a genuine interest in a proceeding of the same sort as it would have in a proceeding *inter partes*. I am mentioning the point, but I am inclined to think that the matter will not give rise to any practical difficulties and can safely be left to a broad construction of Article 68.

14. The Committee did not discuss the question of provision for advisory opinions in the Charter itself. It did, however, provide for advisory opinions in the Statute, and there was no dissent with regard to the extension which was involved in Article 65 as drafted, where the power to refer was given to the General Assembly as well as to the Security Council. This was carrying out the same scheme as in Article 65 of the old Statute. It was not in accord with the position taken in the Dumbarton Oaks proposals.

It should be noted that the scheme put forward in Article 65 of the present Statute is broad in its scope. It does not go as far as the I.L.O. want. It does not give to the I.L.O. or to any other international organisation a right of direct reference to the Court. The position taken on this as on other matters by the Committee of Jurists was dictated to some extent by a very obvious prejudice against the I.L.O. On the other hand, the giving of the power to make references for advisory opinion to the General Assembly would, I think, be adequate to enable the General Assembly to authorise references by the Social and Economic Council, which is probably a good thing. Provision is made whereby questions can be laid before the Court by the Secretary General of the United Nations under instructions from the General Assembly which presumably would enable the General Assembly to give general instructions, as well as instructions in a particular case, and the general instructions might well extend to matters referred by the Economic and Social Council within limitations imposed by the general instructions.

I am not sure that the position taken will stand up at San Francisco. There may well be a strong movement to limit the right to lay questions before the Court for advisory opinion to the Security Council. There may well be a strong movement to limit the right to lay questions before the Court for advisory opinion to the Security Council. There may well be a strong movement for taking the provisions of Chapter 8, Section A, para. 7 outside of the scope of the proviso to Chapter 6, Section C, para 3. In substance, if not in theory, the power to refer a matter for advisory opinion involves compulsory jurisdiction imposed upon a country which has a direct and substantial interest in the matter referred.

**571.** DEA/7-V-1s

*Le secrétaire d'État aux Affaires extérieures*
*à la délégation, la Conférence des Nation Unies*

*Secretary of State for External Affairs*
*to Delegation, United Nations Conference*

TELEGRAM D-267 Ottawa, May 30, 1945

Following from Read to Chipman, Begins: With regard to the proposals for changing the text of Article 36, I should like to make the following observations:

(a) The text settled at Washington is in my opinion adequate for all purposes. It is essentially the same text as Article 36 of the old statute. More than fifty countries adopted the optional clause, a substantial number making reservations. I do not think that it is even arguable, under International Law, that there was no legal power to make reservations. "The statute" is not a "statute," i.e. it is not an enactment of a legislature and cannot be compared to an act of the Parliament of Canada; and is not subject to the same rules of law in the matter of construction. It must be interpreted and applied in accordance with International Law. When the new "statute" is given legal effect, it will be necessary to take into account the legal position under the old "statute," especially where the articles are substantially identical.

(b) Further, apart from the interpretation placed upon "the statute" by the parties, I should have no doubt myself about a power to make reservations. The acceptance of the optional clause is fundamentally a unilateral declaration under which the declarant power has by its unilateral act accepted jurisdiction vis-à-vis the other countries which have made or may later make similar declarations. The other countries have no power to question a limitation by the declarant state of the jurisdiction thus assumed insofar as the limitation eliminates a class of legal disputes. It might be contended that a declarant state could not eliminate a specific dispute. A question might even be raised as to the elimination of disputes as between particular states, e.g. as between members of the Commonwealth. There could, however, be no grounds for questioning the elimination of any classes of legal disputes by way of reservation.

(c) Assuming that you are intending to cut out the words "in all or any of," I agree that it is necessary to provide for authority to make reservations.

(d) I should have thought that it would be a wise course to have a general power such as that which has in fact existed under Article 36 of the old statute. Assuming the desirability of universal compulsory jurisdiction, it is expedient to offer substantial inducements to countries with a view to their acceptance of compulsory jurisdiction. A general power of reservation, such as we now have, has proved to be a most effective inducement. It is possible that if you adopt a restricted list of powers of reservation, you may postpone the realization of universal compulsory jurisdiction. The experience of the past has shown that there is no likelihood of a general power of reservation being abused.

(e) On the question of the "war" reservation, I think that we would be justified in relying upon *rebus sic stantibus*, but you will remember that our departmental view on that point is not shared by the Foreign Office nor, I think, by the other Commonwealth countries.

(f) On the other points of revision in wording, I find it difficult to comment without a precise text. I think that it would be a very great mistake to leave out the word "compulsory." I should think that it would be of the utmost importance to insure that acceptance of the optional clause brought about compulsory jurisdiction and clear, unequivocal words should be used for the purpose.

**572.** DEA/7-V-ls

*Le sous-secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs to Secretary of State for External Affairs*

TELEGRAM H-258 San Francisco, May 31, 1945

Following for Read from Chipman, Begins: I have your telegram D-267 of May 30th. The Sub-Committee is reporting tomorrow in favour of the optional clause, with no changes but the following, namely: the substitution of the words "in all legal disputes" for the words "all or any of the classes of" as a sweetener for those who wanted compulsory jurisdiction, and an insertion of a new paragraph 4 between old paragraph 3 and old paragraph 4, now paragraph 5, of following: "Declarations made under Article 36 of the Statute of the Permanent Court of International Justice and which are still in force shall be deemed as between the parties to the present statute to have been made under this article and shall continue to apply in accordance with their terms."

Hackworth and Fitzmaurice[168] both thought "all or any" unnecessary and that new paragraph 4 was sufficient to preserve the possibility of reservations. They also point out that all adherences in the past covered all four classes of disputes enumerated in paragraph 2 and that there would be no difficulty in getting adherences on the new language. It is hoped that with these changes the Committee's report may be accepted. I should be glad to know if you agree. Ends.

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[168]G. C. Fitzmaurice, deuxième conseiller juridique, Foreign Office de Grande-Bretagne.
G. C. Fitzmaurice, Second Legal Adviser, Foreign Office, Great Britain.

**573.** DEA/7-V-ls

*Le secrétaire d'État aux Affaires extérieures à la délégation, la Conférence des Nations Unies*

*Secretary of State for External Affairs to Delegation, United Nations Conference*

TELEGRAM D-282 Ottawa, June 1, 1945

Your H-258, May 31, 1945. Following from Read to Chipman, Begins;

1. I have noted substitution of words "in all legal disputes" for words "all or any of the classes of," in paragraph (2) of Article 36. The references in second sentence of last paragraph of your telegram suggest that Hackworth and Fitzmaurice may have overlooked the meaning of the words "all or any of the classes of legal disputes concerning." They may think that they relate to an acceptance of all or any of four classes (a) (b) (c) or (d). We are of the opinion that "all or any" relate to an indeterminate number of classes of legal disputes concerning the subjects enumerated in subparagraphs (a) to (d) inclusive.

2. We are of the opinion that right of reservation upon declaration is based upon the existence of these words. Reservation can more properly be referred to as "exclusions" and, if you will look at the "Permanent Court of International Justice 1920-42" Hudson at page 467, you will see the close relationship between the words in question and the right of exclusion upon acceptance of compulsory jurisdiction.

3. We have no objection whatsoever to the elimination of "all or any," provided that something is put into Article 36 which would give rise to a right of reservation or exclusion.

4. We are convinced that the new paragraph 4, as quoted in your telegram, does not preserve the possibility of reservation or exclusion.

5. While we view the drafting of the new paragraph 4 without enthusiasm, we are of the opinion that it would result in a partial preservation of the Canadian position as it now exists under our declarations of 1930 and 1939.[169] It would still exclude the classes of disputes to which they make specific reference. On the other hand, it would no longer be possible to make a new reservation or exclusion, and it would not be possible either to amend or even to renounce any of the reservations already made.

6. The effect of the new paragraph 4 would be that new members would have an option, but old members would not. I am not suggesting that this would be an objection.

7. The new draft would create a position in which Canada and other countries would have effective reservations or exclusions. A new party, such as the U.S.A. would have no power of reservation. For example, a dispute over the provisions of a United States Immigration Act would be subject to the

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[169]Voir le volume 4, document 541; le volume 7, document 1225.
See Volume 4, Document 541; Volume 7, Document 1225.

compulsory jurisdiction of the Court, but a similar dispute over a provision of a similar Canadian Act would be excluded from the jurisdiction of the Court. I have no doubt that you will be giving due weight to the possibility that an issue would be raised in this manner which might make it difficult to obtain ratification in countries such as U.S.A. and U.S.S.R.. .

8. I have no doubt that you have given due weight to the effect of the elimination of a power of reservation upon the acceptance by new countries, such as U.S.A. and U.S.S.R. of compulsory jurisdiction under Article 36.

9. My own personal opinion is that the course suggested in the proposed amendments would set back for many years the possibility of reaching a position in which there would be universal acceptance of the compulsory jurisdiction of Court on most important matters.

**574.** DEA/7-V-ls

*Le sous-secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Affaires extérieures*

*Under-Secretary of State for External Affairs to Secretary of State for External Affairs*

TELEGRAM San Francisco, June 4, 1945

IMPORTANT. Following for Read from Chipman, Begins:

1. I have your telegram D-282 of June 1st.

2. I have delayed replying until I had discussed your points with Hackworth, Malkin[170] and Fitzmaurice.

3. I should have added to my telegram H-258 of May 31st reference to the following paragraph in the Sub-Committee's report:

"The question of reservations calls for an explanation. As is well known, the article has constantly been interpreted in the past as allowing States accepting the jurisdiction of the Court to subject their declarations to reservations. The Sub-Committee has considered such interpretation as being henceforth established. It has, therefore, been considered unnecessary to modify paragraph 3 (of Article 36) in order to make express reference to the right of the States to make such reservations."

4. Hackworth's view expressed on Saturday afternoon is that this paragraph, if made of record as part of the Conference report, will cover the matter. Malkin and Fitzmaurice, whom I saw this morning, take the same view. Malkin had earlier raised your point with Fitzmaurice, who thought that the power to make reservations did not come from the words "all or any of the classes" since these would only permit reservations excepting entire classes. This view seems reinforced by French text. Malkin is now inclined to think that the more indefinite the source of power to make reservations, the better, provided the Sub-Committee's report be of record. He also thinks that since

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[170]Sir William Malkin, conseiller juridique, Foreign Office.
Sir William Malkin, Legal Adviser, Foreign Office.

Russia and the United States concurred both in the Sub-Committee's report and in Article 36 as drafted therein and, generally speaking, since all those who are interested in reservations also adopted the article as drafted, there was no need to trouble further as to the likelihood of general adherence. He also thinks there could be no difference about further reservations, modifications or renunciations.

5. The Sub-Committee was appointed because it seemed impossible to get a two-thirds majority for either the left hand or right hand Washington draft and it was supposed to bring in some sort of compromise solution with concessions in both directions. Any attempt further to amend the article would recreate an impasse in the opinion of Hackworth, Malkin and Fitzmaurice. A first vote of 26 for optional against 16 for compulsory jurisdiction which did not give the two-thirds majority was followed by a second vote, taken specifically on the new draft of Article 36 and was carried by 30-14, Australia, New Zealand and China reversing their position for the purpose of escaping the impasse.

6. The Minutes of the Committee meeting at hand this morning do not specify that, as many of us understood, the Sub-Committee's report was adopted as well as the draft article. The Committee meets again either tomorrow afternoon at 5:30 p.m. or more probably tomorrow night, and the suggestion is that China or some other country should move to clarify the record and make certain that the whole of the Sub-Committee's report, including the abstract quoted in paragraph 3 above, becomes part of the final record. If you think that the general position will not be sufficiently covered if this course be followed, can you let me know your views in advance of tomorrow's meeting. Ends.

**575.** DEA/7-V-ls

*Le secrétaire d'État aux Affaires extérieures*
*à la délégation, la Conférence des Nations Unies*

*Secretary of State for External Affairs*
*to Delegation, United Nations Conference*

TELEGRAM D-295 Ottawa, June 5, 1945

Your H-272, June 4, 1945, also telephone conversation with Chaput.

In the circumstances, I think that you would be justified in relying upon the recorded paragraph of sub-committee's report, as preserving right of reservation.

This is to confirm assurance already given to Chaput by telephone.

**576.** DEA/7-V-ls

*Le conseiller spécial, la délégation, la Conférence des Nations Unies, au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Special Adviser, Delegation, United Nations Conference, to Acting Under-Secretary of State for External Affairs*

San Francisco, June 8, 1945

Dear Mr. Read,

I enclose, herewith, copy of the Reports of the last six meetings of the Committee on the Court[1] which are almost exclusively concerned with the questions of compulsory jurisdiction and advisory opinions.

The outcome and developments of the debate on compulsory jurisdiction are clearly outlined in the reports. At the second meeting of the Sub-Committee on compulsory jurisdiction, Mr. Chipman proposed four amendments to Article 36, one of which secured the necessary majority. This was the deletion of the words "all or any of the classes" with which you are familiar. Copy of the Sub-Committee's report is enclosed herewith.[1]

The Committee devoted a great length of time on the question of advisory opinions. Surprisingly enough, however, not one single statement referred to the merits of the case. Procedural matters were the sole concern of those present. The question of access of international organization to the advisory jurisdiction of the Court was decided in the negative in the first place by a vote of 19-10, the two-thirds majority required not being secured. Provision was later inserted in the Charter to the effect that the Security Council and the Assembly would be entitled to ask for advisory opinion. When it came to the Statute, however, Mr. Chipman succeeded in having inserted in Article 65 provision whereby organs authorized to that effect by the Charter would be permitted to ask for advisory opinions. It finally came out that the Steering Committee ruled that the Committee of the Conference dealing with the powers of the Assembly should decide the question on the principle. That committee pronounced itself in favour of international organization and the relevant paragraph of Chapter VII of the Charter was accordingly amended at our meeting last night. This last meeting ended at 12:30 a.m. and constitutes the end of our work. It was concerned with Chapter VII and with the provision of the Statute for amendments.

May I point out in closing that the Committee agreed that the Sub-Committee's report on Article 36 be inserted in the Conference report.

Yours sincerely,

ROGER CHAPUT

**577.** DEA/7-V-ls

*Le conseiller spécial, la délégation, la Conférence des Nations Unies, au sous-secrétaire d'État aux Affaires extérieures*

*Special Adviser, Delegation, United Nations Conference, to Acting Under-Secretary of State for External Affairs*

San Francisco, June 13, 1945

Dear Mr. Read,

During the meeting of June 7th to which I referred in my last letter, the Court Committee spent a whole hour on the proposed Article 69 for amending the Statute. The Washington draft apparently did not please the Peruvians, who presented an alternative Article merely providing that the Statute should be amended by the same method as will apply for the Charter. They were not surprisingly supported by the Russians and also by Nizot,[171] who has been following them quite closely lately. Basdevant,[172] however, strongly opposed the Peruvian draft and asserted that he could not conceive how states parties to the Statute but not to the Charter could be expected to accept in advance all future amendments. A full scale debate ensued, which, I think, is one of the most "substantial" which took place in the Committee. Hudson[173] intervened with a relatively fiery statement in favour of Basdevant's thesis, during which he was suddenly interrupted by the Russian (Krylov), who asked him what countries he had in mind when referring to states who would adhere to the Statute but not to the Charter. A compromise solution was finally reached which embodied the Peruvian point subject to any thought which the Assembly may have for states not parties to the Charter. An additional Article (70) empowering the Court to propose amendments was unanimously adopted.

The Cuban tried hard to have a provision inserted in Chapter VII (which, incidentally, will become Chapter X) for the enforcement of the Court's decisions. He was strongly and solemnly supported by Cordova, who acted more as a sponsor of the amendment than the Cuban himself. Malkin, Krylov and others contended rightly, I think, that the Cuban Article as it read could not be passed upon by the Court Committee, whereupon an alternative Australian draft was adopted whereby states merely undertake to comply with the Court's decisions.

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[171] Joseph Nizot, conseiller, ambassade de Belgique aux États-Unis et membre de la délégation belge à la Conférence des Nations-Unies sur l'organisation internationale.
Joseph Nizot, Counsellor, Embassy of Belgium in United States and member, delegation of Belgium to United Nations Conference on International Organization.

[172] Jules Basdevant, conseiller juridique, ministère des Affaires étrangères de la France et membre de la délégation française à la Conférence des Nations Unies sur l'organisation internationale.
Jules Basdevant, Legal Adviser, Foreign Ministry of France and member, delegation of France to United Nations Conference on International Organization.

[173] Manley O. Hudson, professeur de droit international, Harvard University, et juge à la Cour permanente de Justice internationale.
Manley O. Hudson, Professor of International Law, Harvard University, and Judge, Permanent Court of International Justice.

The Rapporteur's text was adopted at the 21st and last meeting, with a few amendments, among which, at Mr. Chipman's request, the insertion of the second last paragraph of the Sub-Committee's report on Article 36 which deals with reservations. The report was considered to-day by the Jurists and also by the Coordination Committees without apparently any substantial change being made since Commission IV is meeting tomorrow for the purpose of considering the report of its two Committees.

On the whole, the Committee has worked pretty well. As a matter of substance, however, its work can hardly be compared in my opinion with that of the Washington Committee. For a great part, it consisted in approving what had been done there and, while it took decisions on questions left undecided, no new contribution was made in the discussions of the merits. Indeed, in some cases, e.g., advisory opinions, the merits were not discussed at all. This probably explains why those who contributed most in Washington (United Kingdom, United States, the Netherlands, Greece) took very little part in the discussions here. Even Egypt remained silent.

I enclose herewith copies of the last documents issued on the Court Committee including the report.'I discovered yesterday that documents on the Court were being sent to you from another source. However, since your second set is almost complete by now, you may as well have them all.[174]

Yours sincerely,

ROGER CHAPUT

## SECTION B

### ORGANISATION DES NATIONS UNIES POUR L'ALIMENTATION ET L'AGRICULTURE (UNFAO)
### UNITED NATIONS FOOD AND AGRICULTURAL ORGANIZATION (UNFAO)

**578.** DEA/5050-F-40

*Le président, la Commission intérimaire des Nations Unies pour l'alimentation et l'agriculture, à l'ambassadeur aux États-Unis*

*Chairman, United Nations Interim Commission on Food and Agriculture, to Ambassador in United States*

Washington, August 1, 1944

On instruction from the United Nations Interim Commission on Food and Agriculture, I have the honour to transmit to you a copy of their First Report to the Governments of the United Nations, to which is attached a copy of the

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[174]Le statut de la Cour internationale de Justice fut signé le 26 juin 1945. Voir Canada, *Recueil des traités*, 1945, N° 7.
The Statute of the International Court of Justice was signed on June 26, 1945. See Canada, *Treaty Series*, 1945, No. 7.

Constitution of the Food and Agriculture Organization of the United Nations.[175]

Both the Report and the Constitution have been approved unanimously and without reservations by the members of the Interim Commission on which are represented forty-four governments and authorities.

The Report represents the views of the members of the Interim Commission on what should be the purposes and functions of the proposed Organization, its administrative structure, and its management.

I should be grateful if you would transmit this document to your Government so that consideration can be given by them to the acceptance of the Constitution of the Food and Agriculture Organization.

May I call your attention to Article 21 of the Constitution which is pertinent to this matter:

"1. This Constitution shall be open to acceptance by the nations specified in Annex I.

2. The instruments of acceptance shall be transmitted by each government to the United Nations Interim Commission on Food and Agriculture, which shall notify their receipt to the governments of the nations specified in Annex I. Acceptance may be notified to the Interim Commission through a diplomatic representative, in which case the instrument of acceptance must be transmitted to the Commission as soon as possible thereafter.

3. Upon the receipt by the Interim Commission of twenty notifications of acceptance the Interim Commission shall arrange for this Constitution to be signed in a single copy by the diplomatic representatives, duly authorized thereto, of the nations who shall have notified their acceptance, and upon being so signed on behalf of not less than twenty of the nations specified in Annex I this Constitution shall come into force immediately.

4. Acceptances the notification of which is received after the entry into force of this Constitution shall become effective upon receipt by the Interim Commission or the Organization."

It would be appreciated if, in due course, the instrument of acceptance by your Government of the Constitution could be transmitted to the United Nations Interim Commission on Food and Agriculture. When at least twenty such instruments of acceptance are received, the Commission is empowered to arrange for the formal signature of the Constitution, which shall then immediately come into force. Its coming into force will make possible the assembly of the first Conference of the Organization, on the opening of which the Interim Commission will be dissolved.

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[175]Voir Canada, ministère des Affaires extérieures, Recueil des conférences, 1945, N° 1, *Premier rapport soumis aux gouvernements des Nations Unies par la Commission intérimaire de l'alimentation et de l'agriculture*. Ottawa, Imprimeur du Roi, 1945.
See Canada, Department of External Affairs Conference Series, 1945, No. 1, *First Report to the Governments of the United Nations by the Interim Commission on Food and Agriculture*. Ottawa, King's Printer, 1945.

In transmitting this Constitution, may I respectfully urge that your Government act as speedily as possible with regard to its acceptance in order that the Organization may without delay begin the vitally important work entrusted to it.

I have etc.

L. B. PEARSON

**579.** W.L.M.K./Vol.342

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] October 22, 1944

CANADIAN ADHERENCE TO THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

1. Canada has been asked to signify readiness to accept the Constitution of the proposed Food and Agriculture Organization of the United Nations which has been prepared by the Interim Commission, of which Mr. L. B. Pearson is Chairman. This Constitution has been approved in its final form by the Departments concerned, namely, Agriculture, Fisheries, Mines and Resources, Trade and Commerce, and Finance and has been approved in a substantially similar form by the War Committee of Cabinet.

2. The Legal Adviser of the Department of External Affairs is of the opinion that acceptance of the Constitution is the equivalent of the signature of a multilateral agreement which contains no provision for ratification and that, while it could be accepted without offending the strict letter of the resolution of the House of Commons covering treaty procedure, it would not be in accordance with the constitutional practice, which has been observed by the Canadian Government over the last sixteen years, to accept this Constitution without Parliamentary approval.

3. It is also suggested that it would be convenient for Canada's final acceptance to be postponed until it is clear that the United States Congress will approve of United States acceptance.

4. It appears very desirable, however, that public intimation of Canada's intention to adhere should be given at an early date and it is suggested that a Ministerial announcement should be made of the intention of the Canadian Government to introduce the necessary legislation when Parliament meets. This might conveniently take the form of a speech by the Minister of Agriculture, who could avail himself of the occasion to explain the main features of the proposed United Nations Organization on Food and Agriculture and the reasons for Canadian particpation.

N. A. ROBERTSON

**580.** DEA/5050-G-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3452 Washington, July 2, 1945

IMMEDIATE. At the meeting of the Executive Committee of the Interim Commission on Food and Agriculture held on Saturday last, June 30th, consideration was given to the time and place of the holding of the first Conference of FAO. It is now practically certain that United States approval of the Constitution of FAO will have been completed within the next fortnight and that it is safe to make, at least provisionally, decisions on the above matter.

At the discussion Saturday, it was agreed that if the Canadian Government approved, and subject to confirmation by the full Commission, the first Conference should be held in Canada beginning the week of October 8th or October 15th. I was asked to ascertain informally whether the Canadian Government would approve of this suggestion. The Canadian authorities would, of course, not be responsible in any way for the organization of the Conference though if the same kind of help could be given that was given to the UNRRA meeting in Montreal,[176] it would be most gratefully received. If there were any expenditures made by the Canadian Government on the Conference, they would be deducted from Canada's first contribution to FAO, assuming, of course, Canada joins FAO. If the Conference were held in Canada, and I hope that this can be done, it might be in a Laurentian hotel like Mount Tremblant, or alternatively it might be held in the west in Winnipeg or Regina. A good deal could be said in favour of the latter course though transportation difficulties might make a Laurentian locale preferable. I would be glad to receive your preliminary reaction to this proposal as quickly as possible as I have been asked to report back to the Executive Committee at its next meeting.

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[176]La deuxième session du Conseil de UNRRA, Montréal, du 16 au 26 septembre 1944; voir le volume 10, chapitre V, partie 2/A.
The Second Session of the Council of UNNRA, Montreal, September 16-26, 1944, see Volume 10, Chapter V, Part 2/A.

**581.** DEA/5050-G-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3788 Washington, July 18, 1945

IMMEDIATE. Following for Robertson from Pearson, Begins: With reference to our telephone conversation of a few minutes ago, I most earnestly hope that it will be possible for the Canadian Government to approve Canada as the site of the first Conference of the Food and Agriculture Organization, which it is hoped to hold in October. At the Executive Committee meeting this morning, all the members, including the European members, agreed that it would be much less satisfactory if the first Conference met in France, as the preparatory work had all been done over here and a Conference in France would mean moving a large Secretariat across the ocean and bringing them back. Furthermore, it was doubted whether the French Government could make suitable arrangements for the Conference. Confidentially, it was felt by the Committee that the French invitation, forwarded at the last moment, was largely influenced by prestige political considerations. I was, therefore, instructed to tell the French member of the Commission that the Executive Committee felt that they could not at this stage alter the arrangements which, it was hoped, would result in the Conference being held in Canada. It would, therefore, be most disappointing, and indeed embarrassing, if we could not now follow through on these arrangements.

2. In view of transportation and accommodation difficulties, I think it would be preferable to hold the Conference in the east. A place like Mont Tremblant Lodge would be ideal, if it were large enough and we could secure it. Would it be possible to have someone like Wing Commander Cumyn look into these possibilities. If the Canadian Government agree in principle to holding the Conference in Canada, then a member of our Secretariat should go to Ottawa immediately to discuss accommodation and administration questions with Cumyn or someone else designated for that purpose. In my absence, any message on this subject might be addressed directly to the Executive Secretary of the Interim Food Commission through this Embassy. Piquet, the former Secretary, has been forced to resign and his place is being taken by Mr. Gove Hambidge of the United States Department of Agriculture. Ends.[177]

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[177] L'ambassadeur fut informé le 26 juillet que le gouvernement avait donné son accord à la tenue de la conférence au Canada.
The ambassador was informed on July 26 that the Government agreed that the conference should be held in Canada.

**582.** DEA/5050-F-40

*Mémorandum de l'assistant,[178] le ministère des Affaires extérieures, au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant,[178] Department of External Affairs, to Under-Secretary of State for External Affairs*

[Ottawa,] August 1, 1945

CANADIAN MEMBERSHIP IN THE FOOD AND AGRICULTURE ORGANIZATION

1. The F.A.O. will meet some time in October. Action should therefore be taken as soon as possible for Canada's acceptance of the constitution.

2. Twenty-five Governments have now informed the Interim Commission of their intention to adhere. The constitution provides for signature as soon as twenty nations have given such notification.

3. The United States have accepted membership in the organization by joint resolution of the House and the Senate. The resolution passed the House on April 30 and the Senate on July 21. It will also be remembered that the United Kingdom notified acceptance without referring the matter to Parliament on January 12, 1945.

4. Plans will soon be made for the actual signing of the constitution, which probably will be soon before or at the time of the Conference.

5. With Parliament meeting soon, it would seem that the method for Canada's acceptance of the constitution would be to have a bill passed early in the session. A draft bill is available in print, copy attached,† and also a draft resolution,† as it is believed that the bill is a money bill and would therefore require procedure by resolution.

6. The bill incorporates the F.A.O. constitution as a schedule. The Cabinet War Committee has already approved the constitution in substantially the same form. Certain amendments† suggested by Canada were later abandoned and the interested Departments agreed to this being done.

7. In view of that fact, the draft bill should probably be presented to Cabinet for consideration and approval in the near future[179] in order that it may be presented quite early in the session.

8. Once the bill becomes law, it has been agreed that the Instrument of Acceptance be transmitted by the Canadian Embassy in Washington to the Interim Commission in the following form:

"I am authorized by the Government of Canada to inform you that it accepts on behalf of Canada the Constitution of the Food and Agriculture Organization of the United Nations set forth in Appendix I of the First Report to the Governments of the United Nations by the Interim Commission on Food

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[178]J. A. Chapdelaine.

[179]Le projet de loi fut approuvé par le Cabinet le 13 septembre 1945.
The Bill was approved by Cabinet on September 13, 1945.

and Agriculture, dated August 1, 1944, and that it undertakes faithfully to perform and carry out all the stipulations therein contained."

9. If the bill can be made law early enough, the procedure for Canadian acceptance of the Constitution would be in accordance with the principles as laid down in the House of Commons by the Prime Minister in 1926 and 1928 as well as on other occasions. The alternative as set out by the Legal Division, would be,

(a) To transmit the Instrument of Acceptance of the Constitution after approval by Order-In-Council.

(b) Orders-in-Council, if necessary to give effect to the provisions of the Constitution *pending the enactment of legislation* by the Parliament of Canada.

(c) Tabling of the Orders-in-Council along with the Constitution immediately they are passed and Parliament is sitting.

**583.** DEA/5050-F-40

*Décret en Conseil*

*Order in Council*

P.C. 6491 Ottawa, October 11, 1945

The Committee of the Privy Council have had before them a report, dated 11th October, 1945, from the Acting Secretary of State for External Affairs, representing:

1. That the first session of the Conference of the Food and Agriculture Organization of the United Nations has been called to meet at Quebec City on October 16, 1945;

2. That a bill is at present before the Houses of Parliament to provide for Canadian participation in the above mentioned organization; and

3. That it is appropriate that Canada be represented adequately at this first session of the Conference of the above-mentioned organization.

The Committee, therefore, on the recommendation of the Acting Secretary of State for External Affairs, (concurred in by the Minister of Agriculture, the Minister of Fisheries, the Minister of National Health and Welfare, the Minister of Trade and Commerce and the Minister of Mines and Resources) advise:

1. That the Honourable J. G. Gardiner, Minister of Agriculture, be the member of the Conference for Canada and that Dr. G. S. H. Barton, Deputy Minister of Agriculture, be appointed as his alternate;

2. That the following be appointed as associate members of the Canadian delegation:

| | | |
|---|---|---|
| Department of External Affairs | — | Mr. L. B. Pearson,<br>Canadian Ambassador,<br>Washington |
| Department of Agriculture | — | Dr. Geo. Bouchard,<br>Assistant Deputy Minister of Agriculture |
| | — | Dr. E. S. Archibald, Director,<br>Experimental Farms Service |
| | — | Mr. J. G. Taggart,<br>Chairman, Agricultural Prices Support Board |
| Department of Fisheries | — | Dr. D. B. Finn,<br>Deputy Minister of Fisheries |
| | — | Professor A. F. Cameron,<br>Chairman, Fisheries Research Board |
| Department of National Health and Welfare | — | Dr. F. S. Parney, Chief,<br>Industrial Hygiene Division |
| Department of Trade and Commerce | — | Mr. Geo. McIvor,<br>Chairman, Canadian Wheat Board |
| | — | Dr. S. A. Cudmore<br>Dominion Statistician |
| Department of Mines and Resources (Forestry) | — | Mr. D. Roy Cameron,<br>Dominion Forester |
| Wartime Prices and Trade Board | — | Mr. K. W. Taylor<br>Co-ordinator, Foods Administration |
| Canadian Federation of Agriculture | — | Mr. H. H. Hannam, President,<br>Canadian Federation of Agriculture |

3. That the following advisers be assigned to the Delegation:

| | | |
|---|---|---|
| Department of Agriculture | — | Dr. J. F. Booth,<br>Associate Director of Marketing,<br>Agricultural Economics |
| | — | R. S. Hamer, Director,<br>Production Service,<br>Department of Agriculture |
| alternating | — | A. M. Shaw, Director,<br>Marketing Service,<br>Department of Agriculture |
| Department of Fisheries | | Chief, Economics Division<br>Department of Fisheries |
| | — | Dr. Georges Prefontaine<br>Department of Biology,<br>University of Montreal |
| Department of National Health and Welfare | — | Dr. L. B. Pett<br>Chief, Nutrition Division |
| | — | Dr. C. A. Morrell<br>Assistant Chief<br>Dominion Analyst |
| Department of Trade and Commerce | — | Mr. G. R. Paterson<br>Executive Officer,<br>Combined Food Board |
| | — | Mr. J. B. Rutherford<br>Chief, Agricultural Branch,<br>Dominion Bureau of Statistics |

| | | |
|---|---|---|
| Department of Mines and Resources (Forestry) | — | Mr. J .D .B. Harrison, Chief, Forest Economics Division |
| | — | Mr. T.A. McElhanney Supt. Forest Products Laboratory. |
| Canadian Federation of Agriculture | — | Mr. W. J. Parker Vice-President |
| | — | Mr. J.A. Marion Vice-President |
| British Columbia Lumber Shingle Manufacturing Association | — | Mr. L.R. Andrews, Ottawa Representative |
| Pulp and Paper Research Industries | — | Mr. A. Koroleff Director of Woodlands Research |
| Fisheries Council of Canada | — | Mr. C. J. Morrow, President. |
| | — | Mr. S. K. Murray |
| Press relations: | — | Mr. Bruce West, Canadian representative Washington office of the Canadian Information Service |
| Joint Secretaries: | — | Mr. Mark McClung Privy Council Office. |
| | — | Mr. Jean Louis Delisle. Dept. of External Affairs |

4. That the expenses incurred by the members of the Canadian delegation be paid out of funds to be appropriated by Parliament for the purpose of Canadian participation in the above-mentioned organization.

A. D. P. HEENEY
Clerk of the Privy Council

**584.** DEA/5050-F-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-3643 Ottawa, October 13, 1945

MOST IMMEDIATE. My EX-3638. Bill authorizing Canadian participation in Food and Agriculture Organization received royal assent at 6 o'clock last night.

Please advise Interim Commission officially of Canada's acceptance of the constitution and accredited delegation[180] as given to you in my EX-3628.[†]

## SECTION C

## ORGANISATION DES NATIONS UNIES POUR L'ÉDUCATION, LA SCIENCE ET LA CULTURE (UNESCO)
## UNITED NATIONS ECONOMIC, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

**585.** DEA/5582-A-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

CIRCULAR DESPATCH D. No. 135 London, August 22, 1945

Sir,

With reference to paragraph 2 of my telegram of the 4th August D. No. 1375,[†] I have the honour to inform you that, at a meeting of the Conference of Allied Ministers of Education on the 12th July last, His Majesty's Government in the United Kingdom were requested to invite, on behalf of the Conference, the Governments of the United Nations to send delegates to a Conference to be held in London on the 1st November, 1945, to consider the creation of an Educational and Cultural Organisation of the United Nations in accordance with Article 57 of the Charter of the United Nations.

2. In so acting on behalf of the Conference of Allied Ministers of Education, His Majesty's Government in the United Kingdom are gratified to know that they are also contributing to the practical realisation of a project for a United Nations Organisation in the field of education and culture proposed at the initiative of the French Government at the Conference at San Francisco, where it received unanimous approval.

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[180]L'instrument d'adhésion du Canada fut déposé le 13 octobre et la Constitution signée à Québec le 16 octobre 1945. Canada, *Recueil des traités*, 1945, N° 32. Pour les travaux de la Conférence, voir Canada, Department of Agriculture, *Reports of the First Conference of Food and Agriculture Organization of the United Nations held at Quebec City, October 16 to November 1, 1945*. Ottawa, 1945; et voir aussi Food and Agriculture Organization of the United Nations, *Report of the First Session of the Conference*. Washington, 1946.
Canada's acceptance was deposited on October 13 and the Constitution signed at Quebec on October 16, 1945. Canada, *Treaty Series*, 1945, No. 32. For the work of the conference see Canada, Department of Agriculture, *Reports of the First Conference of Food and Agriculture Organization of the United Nations, held at Quebec City, October 16 to November 1, 1945*. Ottawa, 1945; see also Food and Agriculture Organization of the United Nations, *Report of the First Session of the Conference*. Washington, 1946.

3. The French Government having been apprised of the intention of His Majesty's Government in the United Kingdom to despatch the present invitation have fully agreed to be specially associated with His Majesty's Government in the United Kingdom as the inviting power.

4. Accordingly, His Majesty's Government in the United Kingdom has the honour in agreement with the French Government to invite His Majesty's Government in Canada to be represented at the above-mentioned Conference by a duly accredited delegate (who might be accompanied by alternates or advisers).

5. Ten copies of a draft Constitution, as submitted to, and adopted as the basis of discussion by, the Conference of Allied Ministers,[181] are enclosed, together with copies of two explanatory documents[1] prepared by the Conference and a copy of the preliminary agenda[1] of the United Nations Conference. In the event of the acceptance of this invitation by His Majesty's Government in Canada, further material relating to the Conference will be forwarded in due course.

6. I would further suggest that, if possible, any observations upon or amendments to the draft constitution should be forwarded so as to reach His Majesty's Government in the United Kingdom on or before the 1st October.

I have etc.

ADDISON

**586.** DEA/5582-A-40

*L'ambassadeur de France*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador of France*
*to Under-Secretary of State for External Affairs*

No. 164 Ottawa, le 30 août 1945

Monsieur le Sous-Secrétaire d'Etat,

J'ai l'honneur de vous faire savoir que mon Gouvernement s'est associé au Gouvernement britannique pour convoquer, au nom de la Conférence des Ministres alliés de l'Education, la Conférence qui se réunira à Londres le 1er novembre en vue de réaliser une organisation internationale de coopération en matière d'éducation et de culture.

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[181] Voir Grande-Bretagne,/See Great Britain,
Conference of Allied Ministers of Education, *Draft Proposals for an Educational and Cultural Organisation of the United Nations*. London, His Majesty's Stationery Office, 1945.
Publié aussi dans États-Unis,/Published also in United States,
*Department of State Bulletin*, Volume 13, August 5, 1945, pp. 168-72.

Le 3 août, le Gouvernement britannique a adressé cette invitation conjointe, en l'accompagnant d'un projet† élaboré par la Conférence des Ministres de l'Education en février dernier.

Le Gouvernement français, qui procédait de son côté à l'étude d'un projet, vient de communiquer celui-ci au Gouvernement britannique et de le transmettre, comme document de la prochaine Conférence, aux autres membres des Nations Unies invitées, par l'entremise de leur représentation diplomatique à Paris.

Ainsi que vous le constaterez, le projet français, dont l'ordonnance est la même que celle du projet de la Conférence des Ministres Alliés de Londres, s'en écarte cependant sur les points suivants:

1. Le préambule affirme que l'idéal de démocratie et de progrès, commun aux Nations Unies, doit être à la base de tout effort en matière d'éducation et de culture.

2. Le projet s'efforce de mettre sur le même plan les activités de la future organisation en matière d'éducation et en matière de coopération intellectuelle, les seconds ayant paru, dans le projet de Londres, quelque peu sacrifiés aux premiers.

3. Il resserre les liens avec l'organisation des Nations Unies en précisant le rôle de contrôle que celle-ci exercera sur la nouvelle organisation de coopération intellectuelle.

4. Il assure à cette dernière, par une représentation tripartite des Gouvernements, de Commissions Nationales et des grandes associations mondiales, un caractère moins étatiste et plus humain visant à sauvegarder tout à la fois les intérêts des Gouvernements et ceux des formes variées de culture nationale.

5. Il renforce le rôle du Comité directeur.

6. Enfin, il propose d'utiliser, comme Secrétariat de l'organisation nouvelle, l'Institut de Coopération Intellectuelle de Paris, pour lequel seraient élaborés des statuts entièrement nouveaux.

Mon Gouvernement, en me chargeant de vous communiquer les indications qui précèdent, m'a prié de vous signaler le prix qu'il attacherait à connaître le point de vue du Gourvernement canadien et, le cas échéant, le projet ou les amendements qu'il se proposerait de présenter.

Veuillez agréer, etc.

JEAN MARIE DE HAUTECLOCQUE

**587.** DEA/5582-A-40

*Mémorandum de la direction juridique*[182]
*au chef, la direction de l'information*

*Memorandum from Legal Division*[182]
*to Head, Information Division*

[Ottawa,] October 22, 1945

DRAFT PROPOSALS FOR CULTURAL ORGANIZATION

It seems to me that, in view of the recent amendments to the FAO Bill and our proposed Diplomatic Privileges Bill, Article X of the draft proposals should be reworded as follows: —

ARTICLE X

*Juridical Status of the Organization and its Personnel*

1. The Organization shall enjoy in the territory of each member state such legal capacity as may be necessary for the performance of its functions. Full juridical capacity shall be granted wherever compatible with the constitution and laws of the state concerned.

2. Each member undertakes, insofar as may be possible under its constitution and laws, to accord diplomatic privileges and immunities to the Organization, to persons appointed by other members as their representatives in or to the Organization and to the higher officials of the Organization not being their own nationals.

3. Each member undertakes to accord to all officials and employees of the Organization such privileges, immunities and facilities as are or may hereafter be accorded to equivalent officials and employees of other public international organizations.

**588.** DEA/5582-A-40

*Décret en Conseil*

*Order in Council*

P. C. 6634 Ottawa, October 23, 1945

The Committee of the Privy Council have had before them a report, dated 19th October, 1945, from the Acting Secretary of State for External Affairs, representing:

That the first session of the Conference of the United Nations Educational and Cultural Organization has been called to meet in London on November 1, 1945; and

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[182]E. R. Hopkins.

That it is appropriate that Canada be represented adequately at this first session of the Conference of the above mentioned Organization.

The Committee, therefore, on the recommendation of the Acting Secretary of State for External Affairs, advise:

1. That the Rt. Hon. Vincent Massey, High Commissioner for Canada in the United Kingdom, be the Chairman of the delegation for Canada; that the other members of the delegation be Dr. R. C. Wallace, Principal of Queen's University, and Mr. Edmond Turcotte, Editor-in-Chief of *Le Canada*, and that Dr. R. C. Wallace act as alternate Chairman.

2. That the following advisers be assigned to the delegation:

| | | |
|---|---|---|
| Department of External Affairs | — | Mr. T. W. L. MacDermot<br>Chief, Information Division |
| National Research Council | — | Dr. J. G. Malloch,<br>Liaison Officer of the<br>National Research Council in London |
| Department of Trade and Commerce | — | Dr. J. E. Robbins,<br>Chief, Education Branch<br>Dominion Bureau of Statistics |

A. D. P. HEENEY
Clerk of the Privy Council

**589.** DEA/5582-A-40

*Le secrétaire d'État par intérim aux Affaires extérieures au haut commissaire par intérim en Grande-Bretagne*

*Acting Secretary of State for External Affairs to Acting High Commissioner in Great Britain*

TELEGRAM 2578 Ottawa, November 2, 1945

CONFIDENTIAL. Education Conference. Please transmit to the Canadian delegation the following general observations for their guidance:

1. We are in general agreement with the purposes and principal functions set forth in Articles I and II of the draft proposals, but consider the language of these Articles can be improved. The chief problem of the Conference relates to the methods whereby these Articles are to be applied by the Organization. The draft contemplates that the Organization should mainly be a centre for collecting and disseminating information on education and cultural matters, but it would also vest in the Organization more positive functions of investigation and recommendation.

2. In connection particularly with this aspect, the Canadian delegation should constantly bear in mind the character of the Canadian educational system and the position of the Provinces. It would seem desirable that any powers given to the Organization to conduct research should be clearly drawn and that investigations should be carried on within the territory of member states only by agreement. It is important to resist the inclusion of any language which

might be interpreted as authorizing the Organization to interfere in the educational system of member states.

3. The constitution should not be framed so as to necessitate the passage of domestic legislation to permit its adoption, as this would give rise to difficult problems in federal states.

4. Nevertheless, no impression should be conveyed that Canada is adopting an obstructive attitude at the Conference. Our jurisdictional problems affect other states and it may be expected that the United States will be equally reluctant to agree to anything which might be construed as authorizing interference with their educational system.

5. The following observations relate to specific points in the draft proposals:

(a) the constitution should not commit member states to create national commissions or cooperating bodies and on this point alternative (c) of Article VIII A is preferred;

(b) we therefore prefer general language in Articles V A and VIII B concerning the composition of national delegations, which would avoid any requirement of consultation with a national commission;

(c) Article X on the juridical status of the Organization should be redrafted on general lines of proposal given to MacDermot.[183] On this point and other points in which the draft contains provisions similar to those in the United Nations Charter such as Articles VII, XIII and XIV, the delegation should consult with the Canadian representatives in London who are connected with the United Nations Preparatory Commission;

(d) If it is decided that the Organization should be separately financed, the best scale of contributions would be that to be adopted for the United Nations Organization. Article III(i) suggests automatic membership for all members of UNO, but this proposal may be resisted as inconsistent with Article III(iii) which contemplates support by separate contributions. On the whole, we tend to favour close association with UNO;

(e) there is much to be said for the headquarters of the Organization being the same as that of UNO, but this depends in part on the site to be chosen by UNO, and San Francisco may be regarded as too remote for ECO. French delegation are certain to press for Paris and we have already been approached by French Embassy for our support. They will also suggest incorporation in secretariat of staff of Institute of Intellectual Cooperation. We have given a non-commital answer. You should take the same line until position of other delegations is clearer;

(f) there is very little in the draft about the scientific aspects of the work of the Organization, although we feel that this may be important. We should be glad to receive further information on what is proposed.

6. The United Kingdom Government has informally suggested that ECO should be established by resolution of the Assembly of UNO rather than by an agreement requiring independent ratification. This has definite advantages of

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[183]Voir le document 587./See Document 587.

simplicity, rapidity and assurance of intimate relationship between the two Organizations. The delegation however should not commit themselves at this stage to support of this proposal if it is made to the Conference by the United Kingdom delegation.

7. As at all large conferences, difficult political problems will arise on which it may be necessary for you to seek guidance. You should keep us generally informed of the course of the Conference and seek instructions on any important new questions which may arise.

**590.** DEA/5582-A-40

*Mémorandum du premier secrétaire, le ministère des Affaires extérieures*

*Memorandum by First Secretary, Department of External Affairs*

[Ottawa,] November 27, 1945

PROCEDURE FOR ACCEPTANCE OF THE CONSTITUTION OF THE ORGANIZATION

The new Constitution was adopted by the London Conference without dissenting voice "subject to acceptance" and is to come into force when it has been accepted by twenty of its signatories. The Constitution provides that instruments of acceptance shall be deposited with the Government of the United Kingdom; that the Constitution shall remain open for signature in the Archives of the United Kingdom; signature may take place either before or after the deposit of the instrument of acceptance; no acceptance shall be valid unless preceded or followed by signature.

Apparently most of the States represented at the London Conference signed the Constitution, the Final Act of the Conference and the intergovernmental instrument setting up the Preparatory Commission. Mr. Massey has signed the Final Act of the Conference, the Constitution and the instrument establishing the Preparatory Commission,[184] and deposited the original copy in the Archives of the Government of the United Kingdom. The Canadian delegate does not seem to have had any full powers to sign.

*The Constitution*

The Constitution itself seems a commonsense document (apart from a somewhat "phoney" preamble). It is certainly an improvement from our point of view over the draft proposals prepared by the Conference of Allied Ministers of Education. One or two of the more important points of difference between the two documents may be noted. By Article I.3, the Organization is prohibited from intervening in matters which are "essentially within', the domestic jurisdiction of States Members of the Organization. Article VII deals with the National Cooperating Bodies and states:

1. "Each Member State shall make such arrangements as suit its particular conditions for the purpose of associating its principal bodies interested in

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[184]Canada, *Recueil des traités*, 1945, N° 18.
Canada, *Treaty Series*, 1945, No. 18.

educational, scientific and cultural matters with the work of the Organization, preferably by the formation of a National Commission broadly representative of the Government and such bodies.

2. National Commissions or National Cooperating Bodies, where they exist, shall act in an advisory capacity to their respective delegations to the General Conference and to their Governments in matters relating to the Organization and shall function as agencies of liaison in all matters of interest to it."

This seems satisfactory enough from our point of view as it appears to make it clear that the functions of the National Cooperating Bodies come into play only if they are created by the Government concerned and that the Government may take or reject their advice as it sees fit.

With regard to the General Conference, Article IV A. states "The Government of each Member State shall appoint not more than five delegates, who shall be selected after consultation with the National Commission, if established, or with educational, scientific and cultural bodies." National Governments are thus committed to consultation, but the extent of it and the procedure to be followed would remain within their discretion.

Reports by Member States are covered by Article VIII which states "Each Member State shall report periodically to the Organization in a manner to be determined by the General Conference, on its laws, regulations and statistics relating to educational, scientific and cultural life and institutions, and on the ation taken upon the recommendations and conventions of the General Conference." (Recommendations to Member States may be made on a majority vote of the General Conference. International Conventions require a two-thirds majority of the General Conference.)

Relations with the United Nations Organization are covered by Article X which provides that the Organization shall be brought into relation with the United Nations Organization as soon as practicable as a specialized agency by the means indicated in the relevant articles of the Charter of the United Nations.

Budgetary arrangements are to be determined by the General Conference subject to the arrangements laid down by the agreement with the United Nations Organization.

*Headquarters of the Organization*

The Conference adopted a resolution to the effect that the seat of the Organization should be in Paris but that this resolution "shall not in any way affect the right of the General Conference to make decisions in regard to this matter by a two thirds majority." The French apparently tried to make this decision on the location of the Headquarters an article of the Constitution but did not succeed.

*Preparatory Commission*

The functions of the Preparatory Commission, as laid down in the instrument establishing it, follow the pattern of the interim arrangements setting up the United Nations Preparatory Commission. The same machinery

for the Executive Committee has also been adopted. The Executive Committee will be sitting in London for approximately a six months' period prior to the establishment of the Organization and its transfer to Paris. States have apparently been elected to the Executive Committee on a provisional basis subject to their representatives receiving authority from their Governments to sit on the Committee. The Executive Committee consists of:

| | |
|---|---|
| Belgium | Mexico |
| Brazil | India |
| Canada | Netherlands |
| China | Norway |
| Columbia | Poland |
| France | United Kingdom |
| Greece | United States |

If Canada is to be a member of the Executive Committee, we shall have to find an appropriate representative. Mr. MacDermot has suggested that "there might be someone at C.M.H.Q. on the educational side or at Khaki University who might serve."

*Technical Sub-Committee*

The Technical Sub-Committee consists of the following provisional list of States:

| | |
|---|---|
| Belgium | Irak |
| Brazil | Lebanon |
| Canada | Netherlands |
| China | Norway |
| Czechoslovakia | Philippines |
| Egypt | Poland |
| France | Syria |
| Greece | United Kingdom |
| Luxembourg | United States |
| Iran | Jugoslavia |

It is to begin immediate work on the following agenda:

1. Survey of:

(a) Educational needs of devastated countries.

(b) Measures already taken by national authorities.

(c) National and International bodies engaged in meeting educational needs.

2. Distribution of the work.

3. Report by representatives of relief and reconstruction agencies such as UNRRA, ISS,[185] etc.

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[185] International Social Service.

Canada has been elected to the chair of the Sub-Committee and Mr. MacDermot is now acting as Chairman. There are to be two or three more meetings of the Sub-Committee which will then disperse, leaving the Secretariat to carry on its work. The Sub-Committee is apparently divided between those European countries which not unnaturally are principally concerned with having their urgent needs for educational reconstruction met through UNESCO and the United States which, while admitting that relief is urgent, maintain that this is not the primary purpose for which UNESCO was set up. The sort of procedure which the Sub-Committee seem to be contemplating at present is that a country in need will make its requirements known to the Secretariat of the Preparatory Commission. These would then be put before the Preparatory Commission for approval and passed on to the Government or international organization which might have indicated its readiness to deal with these particular types of needs.

Mr. MacDermot has asked for instructions on the following points:

1. Is the Canadian Government prepared to make any further contribution towards relief for educational reconstruction purposes in Europe in the shape of funds or supplies, or both?

It is pointed out that that there is a commercial aspect to this question as Canadian publishers, particularly in Quebec, might find an opportunity for obtaining markets. Mr. MacDermot thinks there will be some demand for French text books printed in the province of Quebec. There will also be the possibility of markets for the producers of school supplies, desks, blackboards, etc.

2. Can Canadian UNRRA funds already contributed be applied to educational relief?

The general question of the employment of UNRRA funds for this purpose has been debated in the Sub-Committee. Presumably under UNRRA's present regulations UNRRA funds would not be available for this purpose. Mr. MacDermot asked our views on this point also.

3. Would the Canadian Government encourage or allow the raising of funds on private appeal in Canada for these purposes?

It seems that this latter is the most hopeful course. The United States Government seem to be willing to inaugurate a propaganda campaign for the purpose of raising funds privately although they do not appear to contemplate a Government contribution.

[C. S. A. RITCHIE]

**591.** DEA/5582-A-40

*Les délégués à la Conférence des Nations Unies sur l'établissement de l'organisation pour l'éducation, la science et la culture au Premier ministre*

*Delegates to United Nations Conference on Establishment of Educational, Scientific and Cultural Organization to Prime Minister*

London, December 7, 1945

Sir,

We, the undersigned delegates, appointed to represent the Government of Canada at the United Nations Conference on the establishment of an Educational, Scientific and Cultural Organization, have the honour to submit the attached report on the Proceedings of the Conference held at London, England, from the 1st to the 16th of November, 1945.

We have etc.

VINCENT MASSEY
ROB. C. WALLACE
EDMOND TURCOTTE

[PIÈCE JOINTE/ENCLOSURE]

*Rapport des délégués du gouvernement du Canada*

*Report of Canadian Government Delegates*

REPORT OF THE CANADIAN GOVERNMENT DELEGATES
TO THE UNITED NATIONS CONFERENCE
FOR THE ESTABLISHMENT
OF AN EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

*London, November, 1945*

INTRODUCTION

In October 1942, at the invitation of the British Council and under the chairmanship of the President of the English Board of Education, Rt. Hon. R. A. Butler, representatives of 9 Departments of Education from European countries met in London to exchange views on the educational needs of the post-war period.

The Conference of Allied Ministers of Education that resulted, began at once to plan for the educational and cultural reconstruction of occupied countries. The conditions that confronted the Ministers were staggering, and as the war went on they grew worse. The teachers, the books and schools, the libraries and museums, in short, all those processes through which normal family life is supported and nourished in a community, had been subjected to a savage and calculated policy of destruction and degradation. Europe emerged

from an ordeal during which millions of its children, and tens of thousands of its educators and leaders in thought, creative fervour and spiritual strength, had been deprived for upwards of five years of the freedom and opportunity in which their civilization was rooted.

From 1942-1945, therefore, the Conference of Allied Ministers of Education, through Commissions and Committees, numbering by 1945 ten in all, studied a multitude of questions that their task involved — the provision of books, the training of personnel, the restocking of libraries and laboratories, the care and restoration to their rightful places of looted works of art.

Through the Commissions and Committees and through regular bimonthly meetings of the Conference of the whole, not only was a great quantity of essential statistical material compiled, but stocks of books and other supplies were collected and plans drawn up for their subsequent use. At the same time, the Conference broadened its discussion to include questions of international cooperation in educational and cultural matters.

The necessity for organized action to deal immediately with the collapse of cultural educational life in many parts of the world pointed the way to organization for longer range policy between nations in the same general field. In 1945, therefore, the Conference invited nations which had attended its meetings as observers to become members; and in the Conferences that followed, the creation of a general Organization to deal so far as it could with emergency needs, but designed also to serve the cause of peace through the agencies of education and culture, was given approval. A Draft Constitution for an Organization which was presented by the U.S. Delegation, led by Hon. J. William Fulbright of the U.S. Senate and circulated to the Governments of the United Nations was given substantial support.

The idea was advanced still further by the general endorsement of the French declaration on cultural co-operation at San Francisco, and in August 1945, draft proposals to establish a permanent educational and cultural organization of the United Nations were published by the Council of Allied Ministers of Education, and submitted to the governments of the United Nations as a basis for the discussion at the Conference held in London between November 1st and November 16th, 1945.

Such, in brief outline, are the events that led immediately up to this Conference. It may be added, however, that if the constitution of UNESCO is widely enough approved and enables the foundations of a genuine collaboration between the interdependent nations of the world to be laid, it will be the fruit not only of the Council of Allied Ministers of Education, but of the work and aspiration of a number of other bodies during many years past. Notable among these may be mentioned the Organization for Intellectual Co-operation, initiated in 1922 at Geneva, and later reinforced by the establishment of the Institute of Intellectual Co-operation in Paris, and the International Bureau of Education, Geneva in 1931. These bodies, together with others in Great Britain, the U.S.A. and elsewhere, have steadily accumulated the data and diffused the spirit on which a serviceable international co-operation in educational, scientific and cultural matters can be founded.

It is also of great importance in this connection that in Art. I, Sec. 3, and elsewhere in the Charter of the U.N., full endorsement is given to the principle of promoting "international culture and educational co-operation."

Interest in these matters in Canada was established by the calling of the Educational and Cultural Conference, and by the wide distribution of the Draft Proposals. In a large number of communications received by the Government from the organized educational, scientific and cultural bodies in Canada, it was strongly urged that Canada should participate in the Conference and associate itself as far as possible in the Organization it was called to establish.

The same groups will now wish to know the outcome of the Conference and it is suggested, therefore, that opportunity be made for giving the details of the purposes and functions of UNESCO adequate publicity.

The Conference drafted a Constitution for a new experiment in world agencies for the maintenance of peace. The sincerity and sober desire of those at the Conference from the countries represented to lay the foundations of an organization through which the ideas and creative output of the people might be given freedom and scope were very evident. But it was also noticeable that many of those most convinced that such an organization had a task to do in international life, were also perhaps most aware of the difficulties that lie ahead.

The Organization will take time to consolidate itself: its range of operations, certainly in its early years, must be limited by practical consideration of financial resources and other considerations, and experience must be gathered before it can assume even a substantial portion of its responsibilities: it will require full governmental support from the member states. These were some of the views freely expressed at the Conference.

It was realized, therefore, that the development of UNESCO must be gradual. It was equally clear to delegates that the success will in large part depend on the teachers in all institutions of learning, the scientists, the artists and writers who are responsible for the work of education, science and culture, in each country member of the Organization. Supporting them, will be the large number who participate in the institutions of learning and culture, and those who enjoy the fruits of their work. It is important, therefore, that UNESCO be widely known by the public and its purposes clearly understood.

*Composition of Canadian Delegation*

| | |
|---|---|
| Rt. Hon. Vincent Massey | High Commissioner for Canada in the United Kingdom. |
| Dr. R. C. Wallace | Principal, Queen's University, Kingston, Ont. |
| Mr. E. Turcotte | Editor in Chief, *Le Canada*. |

*Advisers*

| | |
|---|---|
| Mr. T. W. L. MacDermot | Department of External Affairs |
| Mr. J. E. Robbins | Education Branch, Dominion Bureau of Statistics. |
| Dr. J. G. Malloch | National Research Council. |

ORGANISATION OF THE CONFERENCE

(a) *Members*

The United Kingdom Government in association with the French Government invited the attending states to the Conference. The Conference consisted of delegations from the following states:—

| | |
|---|---|
| Argentine | Iran |
| Australia | Iraq |
| Belgium | Lebanon |
| Bolivia | Liberia |
| Brazil | Luxembourg |
| Canada | Mexico |
| Chile | Netherlands |
| China | Nicaragua |
| Columbia | New Zealand |
| Cuba | Norway |
| Czechoslovakia | Panama |
| Denmark | Peru |
| Dominican Republic | Philippines |
| Egypt | Poland |
| Ecuador | Salvador |
| France | Saudi Arabia |
| Greece | South Africa |
| Guatemala | Syria |
| Haiti | Turkey |
| India | United Kingdom |
| | United States |
| | Venezuela |
| | Yugoslavia |

and representatives of the following official international organisations:—

League of Nations Secretariat.
League of Nations Committee on Intellectual Co-operation.
International Institute of Intellectual Co-operation.
Pan American Union
Preparatory Commission of the United Nations.
United Nations Relief and Rehabilitation Administration.
International Bureau of Education.

## (d) *Executive Committee*

PRESIDENT

The Rt. Hon. E. Wilkinson, P.C., M.P. (UNITED KINGDOM) (CHAIRMAN).

ASSOCIATE PRESIDENT

M. Leon Blum (FRANCE)

VICE-PRESIDENTS

H. E. Señor J. J. Moniz de Aragao (BRAZIL)
Dr. Hu Shih (CHINA)
H. E. Señor Jaime Jaramillo-Arango (COLUMBIA)
H. E. M. Thanassis Aghnides (GREECE)
Rajkumari Amrit Kaur (INDIA)
Professor Alf Sommerfelt (NORWAY)
M. Czeslaw Wycech (POLAND)
The Hon. J. H. Hofmeyr (UNION OF SOUTH AFRICA)
Mr. Archibald MacLeish (UNITED STATES OF AMERICA)

CHAIRMAN OF COMMISSIONS

| | |
|---|---|
| COMMISSION I | Dr. R. C. Wallace (CANADA) |
| COMMISSION II | Dr. A. Sommerfelt (NORWAY) |
| COMMISSION III | M. de Visscher (BELGIUM) |
| COMMISSION IV | Dr. Jan Opocensky (CZECHOSLOVAKIA) |
| COMMISSION V | Lt. Col. L. Marquard (SOUTH AFRICA) |

DRAFTING COMMITTEE

| | |
|---|---|
| Dr. Waldo Leland (Chairman) | (UNITED STATES OF AMERICA) |
| M. Bohet | (BELGIUM) |
| Mr. Y. R. Chao | (CHINA) |
| M. Andre Gros | (FRANCE) |
| Professor A. Photiades | (GREECE) |
| M. Bodet | (MEXICO) or substitute |
| Mr. G. G. Fitzmaurice | (UNITED KINGDOM) |

## (f) *Credentials Committee* (Appointed 1st Nov 45)

| | |
|---|---|
| BOLIVIA | His Excellency Senor Carlos Salamanca |
| DENMARK | Mr. Albert Michelsen |
| FRANCE | M. Rene Cassin (Chairman) |
| IRAN | M. Ali Ashar Nekmat |
| IRAQ | His Excellency Negi Alasil |
| NEW ZEALAND | Mr. R. M. Campbell |
| PERU | Mr. Edwin Letts |
| UK | Mr. F. R. Cowell |
| YUGOSLAVIA | Dr. Protitch |

PRINCIPAL OFFICERS OF THE SECRETARIAT

| | |
|---|---|
| Secretary-General | Sir Alfred Zimmern |
| Personal Assistant | Miss K. Stafford |
| Private Secretary | Miss F. E. McGlade |
| Under Secretaries-General | Mons. Louis Gros |
| | Mr. William G. Carr |
| Administration and Personnel | Mr. C. Purves |
| Assistant | Miss I. Greenstreet |
| Secretaries of Commissions and Committees | |

(h) *Order of Proceedings*

The Conference opened on November 1st and held plenary sessions during that day and the next. Business included election of a President, the Hon. Ellen Wilkinson, President of the English Board of Education, adoption of rules of procedure, an address by Rt. Hon. Clement Attlee, Prime Minister of Great Britain, and addresses by the President, the Associate President, Hon. Leon Blum, and the Vice-Presidents of the Conference. From November 5th to November 16th inclusive, the Conference broke up into five Commissions which sat twice daily. On November 15th and 16th plenary sessions were resumed for the approval of the reports of the Commissions, the acceptance of resolutions, and the signing of the Final Act, the Constitution, and the Instrument of Establishing the Preparatory Commission.

Immediately following the signing, a Preparatory Commission met to discuss the agenda for a second meeting which was held on Monday, November 19th.

(i) *Entertainment*

During the Conference, the delegates were the recipients of most generous hospitality on a number of occasions. Their hosts, to whom deep appreciation is due, were:

The Government of the United Kingdom
The English Minister of Education
The Royal Society
The British Council
The English-Speaking Union
The British Film Institute
The Vice-Chancellor of Oxford University.

GENERAL OBSERVATIONS ON THE WORK OF THE COMMISSIONS

The general procedure in the Commissions was to take up in sequence the Articles of that section of the Draft Proposals for which the Commission was responsible. These articles were studied in close conjunction with the corresponding sections of the proposals put forward by the French Government which had been received by States attending the Conference some weeks in advance. These proposals made a very valuable comparative document, for they had been drawn up in considerable detail and crystallized a number of important points most effectively. Supporting these basic documents were the proposals and recommendations submitted by the various delegations during

the Conference. Amongst these, owing to the broadly representative character of its delegation, and the diverse experience of the advisers and technical experts, the contribution of the United States Group constituted an especially important portion of the documentation.

Supplementing the recommendations of delegates, were the statements made to the appropriate Commissions by the representatives of the official international organizations listed above (Section III a). These were not only valuable in themselves, but introduced into the Conference discussions, points of view, experience, and practical reports on work done and services available from bodies with whom UNESCO will later be associated.

The comment that follows does not attempt to cover the whole course of the deliberations of each Commission. It deals with what are considered the main issues raised, and in particular the points in which the Canadian Delegation were especially interested.

In the event it will be seen by a comparison of the Draft Proposals of the Council of Allied Ministers of Education and of the draft Constitution that was finally approved, that the many months of discussion and exchange of views between various governments on which the Draft Proposals were based, went far towards clearing the ground for the establishment of UNESCO. There were, of course, numerous points of detail, both in substance and drafting, that had been overlooked or inadquately treated. But the Constitution follows the Draft Proposals in their essential pattern, so that those in Canada who have studied the basic document will find in the Constitution, it is believed, a reasonably satisfactory embodiment of its main principles.

The Canadian Delegation supported the main structure of the Organization as laid down in the Draft Proposals, and its members endeavoured generally to contribute helpfully towards the clarification of points in discussion and drafting. In particular, however, the delegates drew attention wherever necessary to the significance that any article might have for a federal constitution and were satisfied that both in the discussions and in the final draft, this important consideration was appreciated. It is believed that the constitutional position of federal states is fully safeguarded in principle and in detail by the terms of the final document.

COMMISSION I

*The Title*

In both the Allied Ministers' and the French drafts which were considered by the Conference, the proposed organization was referred to as the United Nations Educational and Cultural Organization. The United States delegation proposed the inclusion of the word "scientific". The Canadian delegation joined with the representatives of several other countries in supporting this proposal. The vital part which science plays in the modern world, its distinctive cultural contributions and its importance in a balanced education are sufficient warrant for this support. Moreover, the inclusion of "scientific" in the title will invite the support of scientists the world over for the new organization, and will

provide them, for the first time, with a recognized international agency through which their concern for the social implications of new technical advances may be given effective expression. The motion was carried and the full title became "The United Nations Educational Scientific and Cultural Organization," giving the abbreviation "UNESCO" which, as the Chinese delegate pointed out, will serve as a universal name requiring no translation.

*Preamble*

In the view of some of the delegates, and this was the Canadian view also, the preamble would be adequate if couched in brief, simple, and dignified terms, setting forth the fundamental ideals of the Organization under which the practical purposes might be pursued. Several of the European delegations, however, whose homelands had suffered grievously in the war, advocated a somewhat more extended statement. They felt strongly that the world should be reminded of the demoralization and strife that flow from lack of understanding and the breakdown of free education and culture and they were supported by representatives of some of the Latin American countries.

The resulting statement, therefore, is an attempt to incorporate lasting principles and a vivid consciousness of a lesson learned in the fires of war, and was adopted without dissent.

*Article I*

This article is concerned with the functions of the Organization. From the first, the Canadian delegation advocated a statement in sufficiently broad terms that the work of UNESCO will not be hampered by too rigid terms of reference, which, however suitable they might be at present, might not be suited to the changed world conditions which there is every reason to anticipate, but whose exact nature cannot be foreseen. At the same time, in order to stimulate effective action, it was felt that the main and pressing problems of the moment should be indicated. This view was in harmony with the opinions expressed by most of the delegations in the preliminary discussions. The drafting committee, in attempting to give concrete expression to the wishes of the delegates, produced initially a statement of functions which, by general consent, was felt to be too long and too detailed, and had the general effect of seeming to exclude all functions not expressly included. The article was redrafted and adopted in the form in which it now appears in the constitution. As it now stands, the Organisation will be able to take any measures for international co-operation within its fields which may at any time be feasible and desirable. At the same time, some of the lines along which such co-operation might be fostered now are indicated. These include:

1. The recommendation of international agreements to promote the free flow of ideas by word and image.

2. Collaboration with members, at their request, in the development of educational activities.

3. Study and recommendation of educational methods.

4. Recommendation of conventions for the protection of books, works of art and monuments of history and science.

5. International interchange of personnel in the three fields covered by UNESCO.

6. International co-operation in making universally available books and other materials of information or culture.

This Organization is specifically prohibited from intervening in matters within the domestic jurisdiction of any state. It may make recommendations, but it may not take further action except on the request of the state concerned.

The actual working of the Organization will depend on the decisions of successive general conferences and on the efficiency and imagination of the Secretariat. The functions as outlined give full opportunity for valuable work by the Organization and its officers with proper safeguards against improper or unwarranted interference in matters of purely domestic concern. The Canadian delegation felt that this was an adequate constitutional statement of functions and accordingly voted for the adoption of the article.

COMMISSION II

*The General Structure of the Organization*

*Membership*

A brief discussion showed the general desire to have all members of United Nations eligible for membership in UNESCO, and also to open membership from the earliest stages to certain other countries, such as Switzerland and Sweden.

A provision for withdrawal, in the Council of Allied Ministers of Education draft, was deleted to correspond with the results of the discussions at San Francisco (as reported p.21 Conf. Series 1945, No. 2) after the opinions behind the decisions in the United Nations Charter were pointed out by the Canadian representative on the Commission.

The Council of Allied Ministers of Education draft provided for "suspensions" of members to be automatic upon suspensions from U.N.O. On the suggestion of the U.S. representative, it was agreed that suspension need be only at the request of the Assembly.

At the suggestion of the Chinese representative, it was agreed to add a provision regarding "expulsion," and to make it automatic upon expulsion from U.N.O.

*Composition of the Conference*

The suggestion of the Council of Allied Ministers of Education draft for five representatives from each state was accepted without debate.

The manner of selection of these representatives, however, was the subject of lengthy debate, discussion centering particularly on whether all should be named by governments (or some by cultural bodies) and to what extent and in what way governments should consult with national bodies in selection. At the one extreme was the French view, backed by Chile, that some of the five should

be named by National Commissions (broadly representative of the government and national bodies.) At the other extreme was the position of Belgium and the Netherlands that they should be named by governments without any obligation on their part to consult cultural bodies. By the time half of the delegates had spoken in the debate, it became apparent that a procedure midway between these two extremes would have to be adopted. (See final text I V.A. (1), in which consultation is called for, but all representatives are appointed by governments.)

*Functions of Conference*

The proposals of the Council of Allied Ministers of Education draft were accepted with little alteration, although the French proposal to empower the Conference to prepare draft "conventions," as well as "recommendation" found ready acceptance.

The calling of international conferences was added as a function, partly as a result of French suggestion, and partly to meet the desire of the Council of Allied Ministers of Education to make it possible for them to continue to meet.

*Voting in Conference*

The relevant clause in the Council of Allied Ministers of Education draft was made more precise by stipulating "a simple majority" except where otherwise specified, and adding "of those present and voting."

In this debate the Canadian representative raised the question of a quorum, and after thorough discussion, in which the corresponding debate at the San Francisco Conference was referred to, it was decided to omit any provision relative to a quorum. The weight of opinion led by the British representative seemed to be that in order to establish a quorum high enough to be of any practical importance, it would constitute a handicap or limitation, e.g., if the quorum was 20, as proposed by French, there might be a meeting with 23 present of whom 4 were opposed to a measure, 19 in favour. These 4 could walk out before the vote was taken and thus defeat or frustrate the 19.

*Procedure at Meetings*

There was insistence that the place of meeting should vary "from year to year," i.e. in no two consecutive years in the same place. The United States Representative proposed this phrase, together with the words making provision "for public access" to meetings.

Provision for "technical" committees was included on French insistence.

*National Co-operating Bodies*

The position of National Co-operating Bodies was in the main settled in the debate on the composition of the Conference. A concession to the French point of view was made by the inclusion of "preferably", at suggestion of the United States representative.

Clause VII. 3 of the final draft was added at French suggestion, the purpose being to enable the central organization to help National Committee develop strength in countries so wishing.

COMMISSION III

The Commission examined very carefully the details of the draft and other proposals regarding the election and selection of the Executive Board, its powers and functions, the powers of the Director General, and the Secretariat. In the approved article VI it is laid down that members of the Executive Board should be chosen from the delegates to the Conference, after which they will hold office for three years at a time, excepting those during the first three years who retire according to a ballot and Article VI A, 3. From this, it would seem to follow that when a representative is chosen from a member state for the Executive Board, his place on the Delegation could be filled by the appointing government, or not, as it chose.

Some emphasis was laid on the desirability of Executive Board members being chosen for their administrative capacity and experience, the implication being that in selecting delegations, governments might take into consideration not only eminence and leadership in execution and achievement in the fields of education, science, and culture, but ability organizations [*sic*] in these fields.

With regard to the Director-General, it was the aim of the Commission to give him considerable scope for initiative and independence of action in the performance of his duties and at the same time to give the Executive Board and its Chairman definite duties and some freedom of initiative as well. The wording of the Article and clauses in VIB are so designed.

It had been one of the French proposals or suggestions that the staff of the Institute of Intellectual Co-operation might be incorporated in the staff of UNESCO. This proposal, however, was withdrawn and the French delegation made it clear that they merely desired that UNESCO should avail itself, if it wished, of the contacts, the experience, and the documentation of the Institute.

It was agreed that for the most part the staff of the Secretariat should be appointed by the Director-General under conditions to be approved by the Conference (Art. VII 3). But it was desired, particularly by the French delegation, that it be recorded that there was a difference of opinion as to whether or not higher grade appointments should be approved by the Executive Board.

In the draft proposal there was a recommendation that an administrative tribunal be established to deal with disputes relating to the terms and conditions of appointment of members of the staff. It was agreed, however, that while this would not be included in an Article of the Constitution, the report of the Commission should draw attention to the fact that "in view of the small amount of work such a tribunal would have to deal with, the desirability of setting up a single Administrative Tribunal to cover the various branches of the UNO should be emphasised."

COMMISSION IV

*Relations with Social and Economic Council*

Article X. This article bases UNESCO on an agreement to the be reached with UNO under Art. 63 of the Charter. An important discussion followed in connection with the Budgetary relationships of the two bodies in which it was generally felt that the budget of UNO [UNESCO] might be a "chapter" of that of UNO, or a portion of the consolidated budget of UNO, but that, the allocation being made, UNESCO should have autonomy in the disposal of its funds.

Article XI. This article precipitated lively debates on the part that both governmental and non-governmental organisations should have in the general scheme of UNESCO. There were those who felt that either full membership or a quasi-membership, with or without voting powers, should be accorded these bodies, the purpose being to render UNESCO less rigidly official and exclusively representative of the governmental point of view. Others thought that non-governmental organizations in particular would in fact exert a greater influence in their own fields and through UNESCO if they were given no official connection with it. There was general agreement, however, that UNESCO should co-operate fully with all such organizations and use opportunity to consult with them on their special field of activity. Sub-sections 1 and 4 of the Article are designed to facilitate this co-operation, and at the same time to retain the essentially nation-wide character of UNESCO and allow it to work in close association through Committees etc., with inter-governmental and international bodies with similar aims.

This position commended itself to the Canadian Delegation as one which achieved the general international consolidation of all types of organizations in the intellectual and cultural field which the delegate from France urged, for example, and avoided the difficulties of acceptance that the introduction of non-government members might create as was pointed out by Norway.

COMMISSION V

*The Interim Commission*

Provision for the establishment of an Interim Commission of UNESCO was included in the draft proposals, but in a separate paragraph and not as one of the articles of the Constitution. A separate instrument for this purpose therefore was drawn up as a result of the work of Commission 5.

At the outset, there was a difference of emphasis between those who were primarily concerned with making preparations for convoking the first meeting of UNESCO, and the group of European countries, together with China, who felt that the most immediate function for an Interim Commission should be to determine ways and means of dealing with the emergency situation in the educational, scientific life of countries sorely wounded by the war.

There was no fundamental conflict between the two points of view, however, and as the sittings of the Commission proceeded, it was possible to reconcile

them and to agree on terms of an instrument under which both needs would be satisfied.

It was decided, therefore, that a Preparatory Commission should be established with the normal functions of such a body, these being mainly to prepare for the first session of the General Conference, but with special machinery for dealing with the immediate needs of the devastated countries. This was to be done through a Technical Sub-Committee which would at once make a thorough examination of material already accumulated on the subject and get into touch also with the various organizations through which reconstruction measures might be taken. There was some discussion as to whether or not the whole task of reconstruction could be handled by the Preparatory Commission itself, by UNRRA, or by all international agencies suitable for the purpose. It was decided that the first alternative was not feasible, and after some discussion, the same decision was reached with regard to the second alternative. UNRRA, however, through one of its representatives was reported as ready to assist materially in planning the co-ordination of the administration of reconstrution measures, to assist in the reconstruction of buildings and structures, and in the supply of scientific equipment. A number of countries indicated ways in which assistance had already been rendered to devastated areas.

The question of the form and amount of the contribution which might be made towards the work of the sub-committee was left entirely to the governments of the member states. But a number of the delegations present indicated what might be expected in this regard. Denmark referred to the assistance which had already been given to scholars from Norway; Belgium expressed optimism and felt sure that small nations would make whatever contribution that they could and would also feel confident that the great nations would help too. The French Delegation undertook to ask its Government to make a contribution, and the United Kingdom Delegation stated that they felt sure that Great Britain would not wish to be left behind in this matter. The United States Delegation stated quite clearly that they could not undertake to commit their government in any way, but unofficially their representatives expressed the opinion that when the facts of the situation were known to the American people as clearly as they had been brought to the attention of the Conference, they would feel the same sympathy for the cause as everyone at the Conference.

It was clear from the remarks of the Delegation of Poland and from Belgium and Greece that some tangible expression of the sincerity of the Conference in this matter was necessary, and consequently, that no time should be lost in getting the matter under way.

It was agreed that the Technical Sub-Committee should meet as soon as possible and sit for 6 months during which it would make the necessary investigations, take whatever steps were practical to deal with interesting conditions and then turn over the continuing work of reconstruction to the Organization.

LOCATION OF UNESCO

The resolution regarding this matter was introduced on November 9th in Commission IV by the United Kingdom delegate, and is included in the Final Act of the Organization. Not unnaturally it was a subject that had received a great deal of consideration beforehand in all delegations, and the announcement of the unanimous approval given to the United Kingdom proposal had the most gratifying effects throughout the Conference.

In moving the resolution, Mr. Richardson of the United Kingdom made two interesting reservations: (1) that there were admittedly two views on the location of UNO and its specialized agencies, one being that all should be in the same centre, the other that this was an unnecessary and perhaps undesirable centralization. It was urged by some that centralization would increase the individual strength of all agencies, and result in economic and greater efficiency, but while the arguments for centralization could not be ignored, the United Kingdom made an exception in respect of UNESCO; (2) that whatever was decided by the Conference on this matter could not be regarded as irrevocable, that it might be subject to changing circumstances, and that in fact the final decision even for the immediate present might not lie wholly in the hands of the Conference.

He felt that for his government, he might almost say for any Englishman there was — keeping these reservations in mind — only one choice. His delegation proposed, therefore, that Paris should be the seat of UNESCO and he moved this because of the close links of France with his country, because of the long historical association of Paris with the intellectual and cultural leadership of the western world, and in recognition of all that France has stood for and her services to the cause to which we were all pledged.

THE PREPARATORY COMMISSION

The Preparatory Commission is composed of representatives from each of the member states attending the Conferences. Its functions and duties are laid down in the Instrument establishing the body, which was signed with the Final Act and the Constitution.

A meeting of the Commission was held immediately after the final Plenary Session. The Hon. Ellen Wilkinson was elected as Chairman, and the Commission at once proceeded to elect the Executive Committee of 14 members. The 15th place was left vacant and it was recorded in the minutes that this fact should be communicated to the government of the U.S.S.R. with the hope expressed that that government would accept the vacant place.

The election was made by each delegation submitting a secret ballot containing 14 names of countries, the 14 names receiving the maximum number of votes being declared elected.

The Commission's work falls under two heads: —

(a) Preparation for the convoking the UNESCO and —

(b) Immediate action to deal with the urgent needs of education and culture in devastated countries.

Discussion turned on the date at which the next meeting should be held, and in view of the urgency of the second part of its functions, a meeting was called for Monday, November 19th. There was also some preliminary discussion of the topic which might constitute the main basis of discussion at the first meeting of UNESCO. While no final decision was reached, considerable support and enthusiasm was expressed for the suggestion that the topic should be "Adult Illiteracy".

At the second meeting of the Commission on November 19th, the question was raised by the Czechoslovakian representative as to the authority under which he and certain other delegations could attend this meeting, and this position was supported by a number of states. This made it impossible to continue to transact business on an official basis, though the Chairman ruled that decisions taken at the first meeting were valid.

A list of countries were nominated from the Chair to compose the Technical Sub-Committee on an entirely provisional basis, however, and a meeting of this Provisional Sub-Committee was called for the latter part of the week, later fixed for Friday, November 23rd. This arrangement was approved and it was agreed that while authoritative action by the Sub-Committee and subsequent action by the Preparatory Commission must await the obtaining of credentials by the member states of both Committees, the Technical Sub-Committee should meanwhile meet and discuss tentative plans.

COMMENT

The effectiveness of the Conference as a whole will be determined by future developments. As is made clear in the final documents, the working of the constitution depends at many points on a relationship between UNESCO and UNO which still remains to be defined. Delegates to the Conference were fully aware of this, recognizing that they were breaking new ground in international organization and that unforeseen circumstances would probably arise for which adequate provision had not been made. The instruments under which the organization will operate, therefore, will need adjustment. Moreover, while final agreement on the constitution was reached without dissent, it was realized that the document was not without imperfections and that it did not, perhaps could not, at this stage wholly satisfy the expectations of every country signing it.

The discussions in plenary session and in commission were marked by certain general features. At the outset two somewhat different emphases were laid on the purposes of the Conference. One, representing chiefly the views of the delegations whose countries had suffered most from the war, concentrated on the urgent necessity of beginning at once to restore the equipment and personnel through which education, scientific study and cultural activities which had been destroyed, might be restored. The speeches of delegates like M. Leon Blum of France, and representatives from China, Belgium, Poland and Greece, underlined in a striking manner the pressing needs in those countries.

The other point of view stressed rather the importance of laying the firm foundations of an international organization which would be concerned with the long range interests of intellectual and cultural co-operation. The United States delegation put the case for this view most strongly.

The significance of this situation as the Conference progressed, however, was not the divergence between groups, but the firm determination of all delegations, from the outset, to reconcile the two views. At many points, therefore, delegates manifested their readiness to understand the preoccupation of others and to accommodate their own opinions to them. It was in this conciliatory spirit, marking the whole Conference, that in the Preamble, the Definition of Purposes, and in the establishment of the Preparatory Commission — which provides machinery both for long term matters and short term emergency — it was found possible to reach amicable unanimity on the final draft of documents.

A second point on which the Conference found itself in fundamental agreement concerns the Organization itself. UNESCO is constituted in very close relationship with the United Nations and in many respects is based on the Charter of UNO. This was held to be important for many reasons. It would allow for co-ordination of effort, economy of personnel and administration, and, most important, would associate UNESCO closely with the vital peace aims for which the United Nations Organization was established. In this connection, due attention was paid in Conference discussions to the Report of the Executive Committee of the Preparatory Commission of the United Nations.

At the same time, the Conference also felt that if it was to achieve its objectives in the fullest sense, if it was to guard and promote in any effective way the free circulation of knowledge, and ideas, it must itself enjoy the maximum amount of autonomy. Hence the provision for conference administration and its own budget — subject to the agreement reached with the United Nations and the emphasis laid on the co-operation of the Organization with the independent and unofficial bodies national and international in the fields of education, science and culture.

There was general agreement, too, that the vigour of the Organization would largely depend on the support given to its recommendations, and the interest shown on its discussions, by the organized intellectual and cultural life of each member state. Each member not only has its own contribution to make in these matters to the Conference, and to the work of the Organization; it also has much to gain for its own use. It was hoped, therefore, that through the many forms of organizations concerned with education, science and culture, the findings and accumulated data of the Organization would be constantly diffused throughout the world.

Another aspect of the discussions was the prevalent sense among Delegates that workers in the field of the mind, particularly science, were discovering new responsibilities in the modern world, both for promoting the free flow of scientific and cultural information, and for ensuring that these products of the laboratory and study should be used to help to maintain peace and to serve

human needs. This feeling injected a note of seriousness into the Conference which was reinforced by the Washington discussions on Atomic Energy in progress at the time.

Constitutional considerations made it necessary for a number of delegations to be quite explicit as to the relation of the UNESCO to their national governments though there was no disposition indicated by the Conference to ignore this matter. The principle of sovereign equality as the basis of the Organization was observed, and the strict inviolability of national sovereignty as laid down in Art. 2, sub-sec. 7 of the UNO Charter was expressly incorporated in the Constitution. By implication and as stated by the Canadian delegates on a number of occasions, the absolute constitutional autonomy of each country in the educational field was also clearly put before the Conference.

Two last points may be mentioned. In many speeches and remarks throughout, it was urged emphatically that the Conference should never lose sight of practical and realistic considerations in drafting its constitution. The purpose of the Organization is to restore that which had been destroyed, and to build for the future. It must recognize that the need may often be greater than the capacity to relieve it; that it is easier to plan than to complete enterprises; that without fundamental experience such an Organization as UNESCO should proceed cautiously and without too many preconceived notions; that intellectual and cultural studies and projects should be related to actuality and the possible.

The second point was the hope expressed by more than one delegation, e.g. France and the United States, that the U.S.S.R. would, in due course, ally its educational, scientific and cultural life with that of the other members of UNESCO. Special reference was made to this in the record of the Preparatory Commission, and a place was left vacant on the Executive Committee of the Commission, which, before long, it was hoped the U.S.S.R. would take.

**592.** DEA/5582-E-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 2955 Ottawa, December 14, 1945

Following for MacDermot begins: — Your letters of November 24th[1] and December 3rd[1] to Ritchie, reference to question of Canadian participation in UNESCO.

1. The Canadian Government would not, repeat not, be in a position to grant special assistance from public funds towards educational reconstruction in Europe. Moreover, we find some difficulty in distinguishing between educational and other supplies delivered to European countries. As you are aware, several of the countries concerned are receiving export credits from

Canada and they can, therefore, purchase supplies available here with the dollars so provided.

2. So far as UNRRA is concerned it is clear that unless UNRRA authorizes the use of its funds for the purpose of educational reconstruction, Canadian contribution to UNRRA cannot be so employed. It would seem anomalous that countries which are paying for their relief supplies should be furnished by UNRRA with textbooks and other school equipment when relief food stuffs are being bought. In countries which are not paying for their relief supplies, consideration might presumably be given to the expansion of supplies furnished by UNRRA to include at any rate some essential equipment for the schools, but this would be a matter for UNRRA to decide.

3. As an alternative to governmental assistance from public funds, question of private appeal in Canada on lines proposed by State Department might be considered. We are, of course, in sympathy with the emergency needs of devastated countries for educational supplies, but we do not possess sufficient information as to the nature of the supplies likely to be in demand, nor the private bodies in Canada which might be interested. Further consideration can be postponed until your return to Ottawa.

4. As regards Canadian representation on Executive Committee of UNESCO, we gather from your telegram 3419[1] that no further meetings of its sub-committee will take place before late in January, the affairs of the Executive Committee being handled in the interim by the Permanent Secretary. You should consult with the High Commissioner with regard to the possibility of Rive attending these meetings. Alternatively, it would be necessary to secure the services of an appropriate Canadian educationalist now in the United Kingdom. Ends.

# CHAPITRE V/CHAPTER V

# ÉNERGIE ATOMIQUE
# ATOMIC ENERGY

**593.** C.D.H./Vol. 15

*Le ministre des Munitions et des Approvisionnements au haut commissaire de Grande-Bretagne*

*Minister of Munitions and Supply to High Commissioner of Great Britain*

MOST SECRET February 8, 1944

Dear Mr. MacDonald,

Thanks for your letter of Feburary 5th,[1] quoting despatch from Sir John Anderson. I am glad that Sir John approves the action taken. We are doing everything possible to restrict discussion, and considering the rather drastic action taken, I think that we are meeting with some success.

I will, of course, inform the Combined Policy Committee of the action taken, but having in mind my last discussion in Washington with members of the Combined Policy Committee, I have no doubt of their views. Unfortunately, Sir John Dill was not present when the matter was discussed.

Unfortunately, the time and place of meetings of the Combined Policy Committee are so secret that I have never been able to attend a formal meeting. To date I have no advice of the time and place of the next meeting other than the information given me by Sir John Dill. If you can obtain any information on this subject, I shall be glad if you will advise me so that I can be among those present.

Perhaps you might let your correspondent in Washington know that I would appreciate a formal notice from the Secretary of the Committee.

Yours sincerely,

C. D. HOWE

**594.** C.D.H./Vol. 15

*Le président par intérim, le Conseil national de Recherches, au ministre des Munitions et des Approvisionnements*

*Acting President, National Research Council, to Minister of Munitions and Supply*

PERSONAL AND MOST SECRET Ottawa, April 10, 1944

Dear Mr. Howe,

As requested I have prepared and am enclosing three memoranda on the very secret Radiological Project:

Number 1 — General status of project

Number 2 — Recommendation of the Subcommittee on joint development of a heavy water pile

Number 3 — Recommendation of C. J. Mackenzie to the Honourable Mr. Howe.

My recommendations under number 3 have been made without the benefit of consultation with General Groves and Professor Chadwick and may have to be modified in some respects after the meeting in Washington.[1]

I have been as brief and general as possible in memorandum number 1 but the document does give on paper statements that the Americans would probably object on security reasons to having on any but the most secret files.

Yours sincerely,

C. J. MACKENZIE

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Mémorandum du président par intérim, le Conseil national de Recherches, au ministre des Munitions et des Approvisionnements*

*Memorandum from Acting President, National Research Council, to Minister of Munitions and Supply*

PERSONAL AND MOST SECRET [Ottawa,] April 10, 1944

MEMORANDUM NUMBER 1

GENERAL STATUS OF RADIOLOGICAL PROJECT

To: The Honourable C. D. Howe

From: C. J. Mackenzie

For some years it has been generally known that vast quantities of energy are locked up in the atom.

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[1]Réunion du comité conjoint de la politique le 13 avril 1944.
Meeting of the Combined Policy Committee, April 13, 1944.

Nuclear physicists tell us that even the large energy released in modern high explosives involves only the relatively small energy of the electrons in the outer fringe of the atomic envelope.

The discovery of radium brought a knowledge of radioactivity, *i.e.* the spontaneous breaking away of a part of the atom. The total energy released is small as only a small portion of the atom is liberated, but atom for atom the energy release in radioactivity is 100,000 times that in the most modern high explosive.

This gave physicists an idea: if the total atom could be made to "burst" a theoretical amount of energy could be obtained, at least a million times greater than that obtainable from high explosives or fuel.

In December, 1938 and January, 1939 in France and Germany a discovery was made that certain elements, chiefly uranium, could be made to "burst" (scientific term "fission"). Since 1941 active research in the United Kingdom, the United States and Canada has been carried out and it is now certain a bomb can and will be made that will be, if not a million times, at least hundreds of times more powerful than anything yet known. It is also certain that power units will be made in the future for aeroplanes, ships and submarines that will drive planes thousands of miles and carry ships across the ocean on a few pounds of fuel.

In 1943 the United Kingdom effort was combined with that of Canada and transferred to Montreal. The American effort has been enormous: expenditures and commitments to date are over two billion dollars.

Time and military urgency demand that every possible avenue be explored. The United States has six separate projects underway — a seventh depending on heavy water, while most important and proving, could not be started until plants to manufacture heavy water were constructed. These plants, built in America at a cost of perhaps a hundred million dollars, are now coming into production.

The present proposal is to build the pilot plant for this important phase of the project in Canada as a joint United States, United Kingdom and Canadian effort. Our ownership of uranium ores, our early interest in the production of heavy water at Trail and the presence of a highly expert group of workers in Canada give us a special interest and facility for this work.

In my opinion Canada has a unique opportunity to become intimately associated in a project which is not only of the greatest immediate military importance, but which may revolutionize the future world in the same degree as did the invention of the steam engine and the discovery of electricity. It is an opportunity Canada as a nation cannot afford to turn down.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du président par intérim, le Conseil national de Recherches, au ministre des Munitions et des Approvisionnements*

*Memorandum from Acting President, National Research Council, to Minister of Munitions and Supply*

PERSONAL AND MOST SECRET [Ottawa,] April 10, 1944

MEMORANDUM NUMBER 2

RESUMÉ OF REPORT OF SUBCOMMITTEE ON JOINT DEVELOPMENT OF A HEAVY WATER PILE TO THE COMBINED POLICY COMMITTEE

To: The Honourable C. D. Howe
From: C. J. Mackenzie

*Combined Policy Committee*

| | |
|---|---|
| United States: | H. L. Stinson. Esq.,<br>Dr. Bush,[2]<br>Dr. Conant[3] |
| United Kingdom and Canada | Sir John Dill<br>Sir Ronald Campbell<br>Hon. C. D. Howe. |

At the February 17, 1944 meeting of the Combined Policy Committee, a subcommittee was appointed to bring in recommendations in connection with the joint development of a heavy water pile. The subcommittee consisting of Major General L. R. Groves,[4] Professor J. Chadwick[5] and Mr. C. J. Mackenzie recommends as follows:

(a) Make no increase at this time in the present facilities for heavy water.

(b) Continue the present programs at Chicago and Montreal for the development of fundamental information on heavy water piles.

(c) Undertake the design and construction of a heterogeneous heavy water pilot pile in Canada, as a joint American-British-Canadian project.

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[2]Vannevar Bush, directeur, Bureau de la recherche et du développement scientifique des États-Unis.
Vannevar Bush, Director, United States Office of Scientific Research and Development.

[3]James B. Conant, président, Commission de la recherche pour la défense nationale des États-Unis.
James B. Conant, Chairman, United States National Defence Research Commission.

[4]Chef des opérations, sous-chef de la construction, Division de la construction militaire aux États-Unis, Armée des États-Unis. (Responsable, Manhattan Project).
Chief of Operations, Deputy Chief of Construction, Division of Military Construction in United States, United States Army. (Officer in charge, Manhattan Project).

[5]Professor Sir James Chadwick, conseiller technique auprès des membres britanniques du Comité conjoint de la politique; chef de l'équipe britannique de savants atomistes aux États-Unis.
Professor Sir James Chadwick, technical adviser to British members of Combined Policy Committee; head of British team of atomic scientists in United States.

(d) When adequate information has been obtained, or when the performance of the pilot plant is known, consider the design, construction, and location of a single heterogeneous heavy water pile of about 50,000 K.W.

(e) Review the situation when the performance of the first large scale graphite pile at Hanford becomes known.

(f) Set up an organization to supervise the pilot pile project.

(g) Strengthen the Montreal Laboratory by the inclusion of American scientists as well as British and Canadian scientists and the appointment of a Director.

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Mémorandum du président par intérim, le Conseil national de Recherches, au ministre des Munitions et des Approvisionnements*

*Memorandum from Acting President, National Research Council, to Minister of Munitions and Supply*

PERSONAL AND MOST SECRET [Ottawa,] April 10, 1944

MEMORANDUM NUMBER 3

RECOMMENDATION OF C. J. MACKENZIE TO THE HONOURABLE MR. HOWE

To: The Honourable C. D. Howe

From: C. J. Mackenzie

1. It is my opinion that Canada should agree to the recommendation of the subcommittee.

2. WHAT IS INVOLVED:

*Cost* — While the subcommittee has not presented estimates of cost, it is believed the following figures represent the proper order of magnitude.

| | |
|---|---|
| *Capital Cost:* | |
| Construction of pilot plant | $4,000,000 |
| Supply of heavy water, graphite and uranium metal, etc. | 4,000,000 |
| TOTAL | 8,000,000 |
| *Yearly operating cost* | 1,500,000 |

The United States Army has now available all the heavy water, graphite and uranium metal necessary and it is assumed that as the project is a cooperative one they will supply the material, and the other expenses will be shared between the United Kingdom and Canada so that the capital cost to Canada would be about $2,000,000. The operating cost also might be shared by the American and British but in my opinion we should be prepared to meet the following minimum costs:

| | | |
|---|---|---|
| 1944 — | Capital Cost of Pilot Plant | $2,000,000 |
| | Operation of existing Montreal Lab. | 750,000 |
| | | 2,750,000. |
| 1945 — | Operating pilot plant and Labs. | 1,750,000. |

3. ORGANIZATION:

The project is to be a joint effort with scientific and technical personnel from the United States, the United Kingdom and Canada, and will presumably be under the auspices of the Combined Policy Committee.

IT IS MY OPINION THAT:

(a) The project should be directed as to general policy by a subcommittee of the above Policy Committee such as:

Major General Groves representing United States
Professor Chadwick representing United Kingdom
C. J. Mackenzie representing Canada

(b) There should be immediately appointed two senior officers, i.e.

(i) A Scientific Director General — To be responsible for the scientific direction and management of the laboratories: a national of either the United Kingdom or the United States to be agreed upon by General Groves and Professor Chadwick.

(ii) A Managing Director — To be in charge of the construction of the pilot plant and all administrative matters, and take general directions from the above mentioned subcommittee. This officer should be a Canadian or at least be appointed by the Canadian member of the Policy Committee. This officer should be an experienced and high grade industrial engineer.

(c) That apart from payment of salaries and expenses of United Kingdom and United States members of the team, authority and responsibility for all matters of discipline and administrative detail should be clearly and definitely vested in a Canadian organization and that the Managing Director be an officer of that organization. Whether the organization should be the Department of Munitions and Supply, the National Research Council, or some other agency such as R.E.L.[6] or D.I.L.[7] should be decided as soon as possible.

[6]Research Enterprises Ltd.
[7]Defence Industries Ltd.

**595.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET Ottawa, April 21, 1944

. . .

1. THE MINISTER OF MUNITIONS AND SUPPLY submitted a proposal recommended by the Acting President of the National Research Council for the construction and operation, in Canada, of a pilot plant for the further development of a special process of the highest secrecy. The product of this process promised to be of the greatest importance to the war effort and its postwar significance was likely to prove revolutionary.

The project was being conducted under a Combined Policy Committee representative of the United Kingdom, the United States and Canada. Large sums had already been spent upon it by the U.S. government. Estimated cost of the present proposal included $4 millions for capital construction, $4 millions for materials and $750,000 annually for operation.

Participation of the Canadian government was strongly recommended. Appropriation of the necessary funds would have to be kept secret.

2. THE WAR COMMITTEE, after discussion, approved the Minister's recommendation and authorized expenditure to Canadian account of up to $4 millions capital cost and $750,000 operating expenses.

. . .

**596.** C.D.H./Vol. 15

*Extrait du procès-verbal du Comité conjoint de la politique*
*Extract from Minutes of Combined Policy Committee*

TOP SECRET [Washington,] April 13, 1944

PRESENT:

MEMBERS:
The Secretary of War (Chairman)
Dr. Vannevar Bush
Sir Ronald I. Campbell
Dr. James B. Conant
Sir John Dill
Mr. C. D. Howe

BY INVITATION:
Dr. James Chadwick
Major-General L. R. Groves
Dean C. J. Mackenzie
Major-General W. D. Styer[8]

JOINT SECRETARIES:
Mr. Harvey H. Bundy[9]
Dr. William L. Webster

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[8]Chef de l'état-major et sous-commandant, Forces de service de l'armée, département de la Guerre des États-Unis.
Chief of Staff and Deputy Commander, Army Service Forces, United States War Department.
[9]Adjoint spécial du secrétaire à la Guerre des États-Unis.
Special Assistant to United States Secretary of War.

4. MONTREAL PROJECT

Major-General Groves reported on behalf of the Special Sub-committee, appointed at the meeting of 17th February, 1944, to study a proposed joint development of a heavy water pile in Canada. He summarized its Report to the Combined Policy Committee,[10] which had been circulated previously to all members of the Committee, emphasizing the premises from which conclusions had been derived and setting out the recommendations made therein.

Mr. Howe stated that Canada was prepared to accept the recommendation and, indeed, was willing to accept the cost of the development now planned. Mr. Howe thought a suitable site had been found where all technical facilities, housing and other services were already available and where security conditions would be satisfactory.

Field Marshal Sir John Dill referred to anxiety which had been shown in Great Britain that the services of the team of scientists now in Montreal should be used to the full. He expressed relief that a programme of work could now be envisaged which, with adequate priorities and exchange of information, would make that possible.

Major-General Groves stated that he foresaw no difficulties with regard to American priorities required by the proposed work in Canada. He also explained that whatever information from American sources was required for the successful prosecution of the work in Canada would be forthcoming. He thought the group in Canada should be given full support and should operate under the same security restrictions as a similar group working in the U.S.A.

Mr. Howe stated that the project would be given top priority in Canada. He agreed that there should be no difficulty over priorities on materials necessarily to be obtained in the United States. Mr. Howe felt these matters could be cleared easily through machinery already established in Canada for dealing with Canadian and American priorities.

The Committee adopted unanimously the Recommendations of the Special Subcommittee.

In fulfillment of recommendation (f), the Committee unanimously agreed that Dr. James Chadwick, Major-General L. R. Groves and Dean C. J. Mackenzie, who had constituted the investigating Special Subcommittee, should continue to act as a Subcommittee of the Combined Policy Committee to supervise, on behalf and under the general supervision of the Committee, the carrying out in Canada of this joint American-British-Canadian project in accordance with the Recommendation now adopted.

. . .

[10]Voir pièce jointe 2, document 594./See enclosure 2, Document 594.

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*Le ministre des Munitions et des Approvisionnements au cosecrétaire, le Comité conjoint de la politique*

*Minister of Munitions and Supply to Joint Secretary, Combined Policy Committee*

TOP SECRET Ottawa, May 29, 1944

Dear Mr. Webster,

I have your two letters of May 24th' with reference to the Agreement and Declaration of Trust. I am quite satisfied with the form of the Agreement, and it will be satisfactory to Canada.[11]

I note that Sir Charles Hambro and Mr. F. G. Lee are likely to be nominated as the two U.K. Trustees.

I suggest as the Canadian member, Mr. George C. Bateman, Deputy Member of the Combined Production and Resources Board, and Associate Metals Controller, for Canada. Mr. Bateman, who is resident in Washington, has a wide knowledge of the problems with which the Trust will be faced, and is, I believe, well qualified for the responsibilities that he will assume. Mr. Bateman will be able to give whatever time is necessary to the work involved.

Yours sincerely,

[C. D. HOWE]

**598.** C.D.H./Vol. 15

*Le ministre des Munitions et des Approvisionnements au représentant adjoint, la Commission composée de la production et des ressources*

*Minister of Munitions and Supply to Deputy Member, Combined Production and Resources Board*

TOP SECRET [Ottawa,] June 3, 1944

Dear George [Bateman]:

You are no doubt aware of very secret work being done in the field of radio active materials.

Recently, I have been asked to appoint a Canadian Member to a Committee of six, three to be appointed by the United States, two by Britain, and one by Canada. The British Members of the Committee are Sir Charles Hambro and Mr. F. G. Lee. I have nominated yourself as the Canadian Member of this Committee.

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[11]L'accord fut signé le 13 juin 1944 par le président des États-Unis et le premier ministre de Grande-Bretagne. Voir États-Unis,
The agreement was signed on June 13, 1944 by the President of the United States and the Prime Minister of Great Britain. See United States,
*Foreign Relations of the United States*, 1944, Volume II. Washington, U.S. Government Printing Office, 1967. pp. 1026-8.

Mr. W. L. Webster of the British Supply Council in North America is British Secretary of the Committee, and he will give you the particulars.

I will be greatly obliged if you will accept appointment to this Committee. Canada is not a party to the agreements to be entered into by the Committee but Canada has an interest through being an important source of supply of the material.

Yours sincerely,

C. D. HOWE

**599.**

C.D.H./Vol. 15

*Le ministre des Munitions et des Approvisionnements au ministre, l'ambassade de Grande-Bretagne aux États-Unis*

*Minister of Munitions and Supply to Minister, Embassy of Great Britain in United States*

TOP SECRET

[Ottawa,] July 21, 1944

Dear Sir Ronald [Campbell]:

*Negotiations with Belgian Government*

Thanks for your letter of July 17th,[1] setting forth the position of negotiations between the Belgian Government in Exile on the one part and the Governments of the U.K. and U.S.A. on the other part.

I agree with you that we on this side should permit considerable latitude to those in London who are acting on our behalf. Accordingly, I have instructed Mr. Bateman that Canada will not object to such reasonable terms as may be agreed to by the U.K. and U.S.A., provided always that materials of Canadian origin are not discriminated against in the markets of U.S.A. and the U.K.

Your letter reaches me just as I am leaving Ottawa to be absent one week. I will be glad to examine the matter with Malcolm MacDonald on my return to Ottawa. If in the meantime a decision is requied from Canada, you may accept the judgment of Mr. Bateman as being my own judgment. If I may comment at this time, it seems to me that our Belgian friends are attempting to drive a very hard bargain.

If a meeting of the Combined Policy Committee is required, I will be glad to attend at a mutually convenient date after August 1st.[12]

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[12]Pour l'accord entre les États-Unis, la Grande-Bretagne et la Belgique concernant le contrôle de l'uranium (le 26 septembre 1944), voir *ibid.* pp. 1028-30.
For the agreement among the United States, Great Britain and Belgium regarding control of uranium (September 26, 1944), see *ibid.* pp. 1028-30.

**600.** C.D.H./Vol. 15

*Extrait du procès-verbal du Comité composé de la politique*
*Extract from Minutes of Combined Policy Committee*

TOP SECRET [Washington,] September 19, 1944

. . .

PRESENT:

MEMBERS:
The Secretary of War, Chairman
Dr. Vannevar Bush
Sir Ronald I. Campbell
Dr. James B. Conant
Sir John Dill
Mr. C. D. Howe

BY INVITATION:
Dean C. J. Mackenzie
Maj. Gen. L. R. Groves, during a part of the meeting.

JOINT SECRETARIES:
Mr. Harvey H. Bundy
Dr. W. L. Webster

. . .

6. MATTERS RELATING TO THE COMBINED DEVELOPMENT TRUST

(a) Upon motion duly made and seconded, the Combined Policy Committee RESOLVED unanimously that the appointment of the following persons on July 6, 1944, as Trustees of the Combined Development Trust pursuant to Paragraph 1 of the Agreement and Declaration of Trust entered into between the two Governments dated June 13, 1944, be hereby approved and ratified:

Mr. George C. Bateman
Maj. Gen. L. R. Groves
Sir Charles J. Hambro
Mr. George L. Harrison[13]
Mr. Frank C. Lee
Mr. Charles K. Leith[14]

(b) A letter dated September 18, 1944, from Maj. Gen. L. R. Groves, sent as Chairman of the Combined Development Trust to the Secretary of War as Chairman of the Combined Policy Committee, a copy of which is annexed hereto,† was read to the Committee.

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[13]Expert-conseil spécial auprès du secrétaire à la Guerre des États-Unis.
Special Consultant to United States Secretary of War.

[14]Chef, Direction des métaux et des matériels, Bureau de la production, de la recherche et du développement, Commission de la production de guerre des États-Unis.
Chief, Metals and Materials Branch, Office of Production, Research and Development, United States War Production Board.

After some discussion of a point arising from the wording of the Trust Agreement, an interpretation of that point submitted in the third paragraph of Maj. Gen. Groves' letter was *approved* unanimously by the Committee subject to the adoption of rules of procedure of the Combined Development Trust requiring that a quorum of the Trust shall include one representative of the United Kingdom.

The Combined Policy Committee also discussed an outline of general practice on business between the Committee and the Trust which was submitted in the fourth paragraph of Maj. Gen. Groves' letter. The Committee *approved* this practice unanimously.

(c) The Combined Policy Committee considered Rules of Procedure which have been adopted by the Combined Development Trust and which were submitted by Maj. Gen. Groves as an annex to his letter addressed to the Secretary of War. The Committee accepted and *approved* these Rules of Procedure unanimously with the provision referred to in Paragraph 6(b) above. A copy of the rules approved is annexed hereto.'

(d) The Combined Policy Committee considered a financial plan for the administration of the Combined Development Trust which had been submitted as a further annex to the letter from Maj. Gen. Groves to the Secretary of War. Maj. Gen. Groves entered the meeting and explained that it was the opinion of the Combined Development Trust that a definite substantial sum should be allocated to the Trust in order to enable it to carry out its duties under Paragraph 2 of the Trust Agreement. He pointed out that some of these duties would require the placing of contracts which would run for a considerable period of years and which, for example through options, might entail payments not easy to estimate at the present time. He reported the view of the Combined Development Trust that it was important for it to have sufficient funds in hand to go forward in carrying out its duties as set forth in the Trust Agreement. It was reported to the Committee that necessary U.S.A. funds were available.

After discussion and upon motion duly made and seconded the Combined Policy Committee RESOLVED unanimously that this financial plan for the administration of the Combined Development Trust be accepted and *approved* by the Committee subject to the authorization of the appropriate financial agency of the U.K. Government. A copy of this financial plan is annexed hereto.'

(e) As a result of these deliberations, it became clear that the Combined Policy Committee now understands that the Combined Development Trust will proceed within the limits of such monies as may be made available to it and acting in accordance with the provisions of the Declaration of Trust dated June 13, 1944, and subject to the principles of operation referred to in the preceding paragraphs of this section and to any further directions which the Combined Policy Committee may have to give from time to time, to obtain, insofar as may be practicable, control of the supply of uranium bearing ores and thorium

bearing ores from the areas assigned to it by the Provisions of the Trust Agreement.

. . .

**601.** C.D.H./Vol. 13

*Aide-mémoire du haut commissaire de Grande-Bretagne au ministre des Munitions et des Approvisionnements*

*Aide-Mémoire from High Commissioner of Great Britain to Minister of Munitions and Supply*

TOP SECRET [Ottawa, c. December 23, 1944]

AIDE MÉMOIRE

It is understood that some little time ago Mr. Howe was somewhat anxious to know whether our contribution to the Montreal project in skilled personnel, without which the project could not go on, might be withdrawn at the end of the war.

After the termination of hostilities it will, or course, be difficult at the same time to meet the needs of the universities, whose scientific departments will have to be rapidly re-established, and to find skilled personnel required for this kind of project.

Sir John Anderson wishes Mr. Howe to know however that there can be no question but that the United Kingdom must continue to give support to the Montreal project and to continue to do everything to ensure its success. Ways will have to be found of getting over the personnel difficulty — for instance, arrangements might be made for university physicists to be seconded to Montreal in rotation for a limited period of time.

Before Mr. Churchill left for Quebec on the last occasion the Chancellor gave him a note in this sense about the Montreal project with the object that if the question of our continued support after the war were raised by Mr. Mackenzie King or Mr. Howe satisfactory assurances could and should be given on this point. In that event, however, it is understood that Mr. Churchill did not discuss the Project with Mr. Mackenzie King on that occasion.

The Chancellor is therefore anxious that Mr. Howe should be under no misapprehension about our intentions in this respect and has accordingly asked the High Commissioner to explain this to Mr. Howe on his behalf.

There should accordingly be no doubt as to the United Kingdom's intention to continue to support and to co-operate with the Canadian authorities in respect of the Canadian activities in this connection after the war.

**602.** C.D.H./Vol. 13

*Le ministre des Munitions et des Approvisionnements et de la Reconstruction au haut commissaire de Grande-Bretagne*

*Minister of Munitions and Supply and of Reconstruction to High Commissioner of Great Britain*

TOP SECRET [Ottawa,] December 23, 1944

Dear Mr. MacDonald:

Thanks for your top secret Aide-Mémoire regarding future contributions of skilled personnel to the Montreal project.

I am glad to have the assurance of Sir John Anderson that the United Kingdom will continue to give support to the Montreal project and will continue to do everything possible to ensure its success.

Canada intends to leave no stone unturned to make the project successful, as far as our own resources will permit.

**603.** DEA

*Extrait du procès-verbal du Comité conjoint de la politique*

*Extract from Minutes of Combined Policy Committee*

[Washington,] July 4, 1945

MINUTES OF COMBINED POLICY COMMITTEE MEETING HELD AT THE PENTAGON ON JULY 4TH, 1945 — 9:30 A.M.

PRESENT:

MEMBERS:
The Secretary of War, Chairman
Field Marshal Sir Henry Maitland-Wilson
The Hon. C. D. Howe
Dr. Vannevar Bush

BY INVITATION:
The Right Hon. The Earl of Halifax
Sir James Chadwick
Major General L. R. Groves
Mr. George Harrison

JOINT SECRETARIES:
Mr. Harvey H. Bundy
Mr. Roger Makins

. . .

3. USE OF WEAPONS AGAINST THIRD PARTIES

FIELD MARSHAL WILSON stated that the British Government concurred in the use of the T.A.[15] weapon against Japan. He added that the Prime Minister might wish to discuss this matter with the President at the forthcoming meeting in Berlin.

THE COMMITTEE: Took note that the Governments of the United Kingdom and the United States had agreed that T.A. weapons should be used by the United States against Japan, the agreement of the British Government having been communicated by Field Marshal Sir Henry Maitland-Wilson.

4. DISCLOSURE OF INFORMATION BY THE TWO GOVERNMENTS ON THE USE OF THE WEAPON

. . .

. . . Dr. Bush suggested (1) that the Committee should approve the principles and conditions governing the release of information on T.A., and (2) that it should thereafter be left to the scientific advisers to draft the statement. Sir James Chadwick should be consulted on the drafting and certify on behalf of the British members that it satisfied the principles which had been laid down.

MR. HOWE suggested that in view of Canada's interest in this question, Dean MacKenzie should also be brought into consultation.

THE COMMITTEE: Agreed that Dean MacKenzie should be provided with a copy of the proposed rules and the scientific release.

. . .

**604.** C.D.H./Vol. 13

*Le haut commissaire de Grande-Bretagne*
*au ministre des Munitions et des Approvisionnements*
*et de la Reconstruction*

*High Commissioner of Great Britain*
*to Minister of Munitions and Supply and of Reconstruction*

SECRET [Ottawa,] August 6, 1945

Dear C. D. [Howe],

The thing has gone off and the President's statement has gone out. Stimson's will be issued in about 3/4-of-an-hour, and yours should go out about 1/2-an-hour after that. Could you come out of the Conference[16] for a few minutes, as there are two or three points I should like to discuss and one or two ways in which we should like to help you.

Yours ever,
MALCOLM [MACDONALD]

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[15]Tube Alloys.
[16]La Conférence fédérale-provinciale tenue du 6 au 10 août 1945.
Dominion-Provincial Conference, August 6-10, 1945.

**605.** C.D.H./Vol. 13

*Le haut commissaire de Grande-Bretagne au ministre des Munitions et des Approvisionnements et de la Reconstruction*

*High Commissioner of Great Britain to Minister of Munitions and Supply and of Reconstruction*

TOP SECRET Ottawa, August 6, 1945

Dear Mr. Howe,

My latest information from Washington concerning the proposed technical or scientific statement is that the Americans will not (repeat not) be putting out any scientific statement at any rate for the present. I understand that they contemplate a considerable revision of their statement as at present proposed, but I have no details. I have been requested, therefore, to ask for your co-operation in ensuring that there will be no Canadian scientific statement issued until we get a release for such from Washington. The United Kingdom are of course conforming accordingly. In the meantime the French translation of your scientific statement (which Dr. Cockcroft is having done in Montreal) will be up here probably this evening or at any rate tomorrow morning. I will send this over to you as soon as received.[17]

Now that the news of the atomic bomb is out the United States authorities rescind their existing censorship stop on this subject and are replacing it with a censorship stop on the following lines.

*Atomic Bombs*

Nothing may be written, discussed or used in any media or publication on the following:

1. Specific processes, formulas and mechanics of operation.
2. Stocks, location of stocks, procurement of stocks and stock consumption.
3. Quality and quantity of production of active material.
4. Physical characteristics of the weapon and methods of using it.
5. Speculation in the future development of the processes for military purposes.
6. Information as to the relative importance of the various methods or plants or of their relative functions or efficiencies.

The American authorities have expressed the hope that the United Kingdom will act in confirmation with the above and I am requested to ask if you will be good enough also to comply.

Yours sincerely,
MALCOLM MACDONALD

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[17]Un communiqué de presse fut émis le 13 août.
A press release was issued on August 13.

**606.** C.D.H./Vol. 13

*Le haut commissaire adjoint, le haut commissariat de Grande-Bretagne, au ministre des Munitions et des Approvisionnements et de la Reconstruction*

*Deputy High Commissioner, High Commission of Great Britain, to Minister of Munitions and Supply and of Reconstruction*

PERSONAL AND CONFIDENTIAL Ottawa, August 10, 1945

Dear Mr. Howe,

Your attention may have been called to a discrepancy between the text of President Truman's broadcast speech last night as given in the United States press and the text as it appears in the Canadian papers, or at any rate in the *Gazette* of Montreal.

The passage in question, one of those relating to the Atomic Bomb, reads in the *Gazette* as follows:

"The Atomic Bomb is too dangerous to be loosed in a lawless world. That is why Great Britain, Canada and the United States, who have the secret of its production, do not intend to reveal the secret until. . . "

I understand that the speech was delivered in these terms, but that in the advance version given to the United States press, the word "Canada" did not appear and that consequently, it will not or may not have occurred in the version published in the United States. You may like to know this. What happened, I gather, was that the advance version was received very shortly before the time of delivery at our Embassy at Washington who communicated at once with the White House, with the result that "Canada"was inserted by the President when he actually spoke.

Yours sincerely,

STEPHEN L. HOLMES

**607.** C.D.H./Vol. 13

*Le représentant canadien, le Comité conjoint de la politique, au ministre des Munitions et des Approvisionnements et de la Reconstruction*

*Canadian Member, Combined Policy Committee, to Minister of Munitions and Supply and of Reconstruction*

TOP SECRET Washington, August 10, 1945

Dear Mr. Howe:

I saw General Groves this morning.

With regard to the heavy water, I did not have an opportunity of taking this up before, partly because I was away and partly because Groves has been practically incommunicado for some time.

He tells me that we need feel no uneasiness regarding the continued use in Canada of the heavy water borrowed from the U.S. The only chance of this being called back would be if the Americans abandoned the project, which, of course, is unthinkable. The continuation of the loan is, of course, on the understanding that it will continue to be used in Canada for the purpose for which it was intended.

He says that the heavy water which they obtained in Germany is of different grades, none of which is suitable for the purpose which Canada requires.

He considers that the U.S. and Canadian partnership is much more important to the U.S. than the U.S.-U.K. partnership. He did throw out a hint, which I did not think it wise for me to explore, to the effect that the U.S. had been carrying the full financial burden and I assume that he may wish to see this revised so that in the partnership arrangement, the U.S. will not be called upon for more than its proportionate share.

I spoke to him about the publicity emanating in the U.S. which carried unfavourable implications as far as Canada is concerned. He thought that the President's speech last night would go a long way towards correcting any such impression but said that at the first favourable opportunity he would emphasize the very high degree of cooperation which exists between the U.S. and Canada in all phases of this project.

Groves says that the bomb was exploded a considerable height above the ground, partly to get the maximum explosive effect over the widest area and also partly to minimize the danger of emanations extending over a considerable period of time, which might result from explosion on contact.

Yours sincerely,

G. C. BATEMAN

**608.**

C.D.H./Vol. 13

*Le ministre des Munitions et des Approvisionnements et de la Reconstruction au représentant canadien, le Comité composé de la politique*

*Minister of Munitions and Supply and of Reconstruction to Canadian Member, Combined Policy Committee*

TOP SECRET

[Ottawa,] August 17, 1945

Dear Mr. Bateman:

Thanks for your letter of August 10th. The assurance of General Groves regarding heavy water is quite satisfactory.

Progress at the Chalk River project is slow, but improving, and it looks as though the project will be finished some time in November. We expect to have an interesting operation.

I am glad to know that Groves expects the U.S. and Canadian partnership to continue. I think that he is right about the relative merits of the two partnerships. We intend to strengthen our own staff and be independent of

outside help. I do not understand his reference to the U.S. bearing all the cost, as Canada is now bearing the cost of its own project without help from anyone, but this can be discussed if Groves raises the question formally.

I am not greatly worried about the publicity emanating in the United States. Fortunately for us, the Canadian contribution has been wholly creditable to Canada.

I was glad to notice that Mr. Churchill gives the atomic bomb credit for stopping the war.

**609.** DEA/201s

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] August 18, 1945

The great public interest in the atomic bomb makes it highly probable that a number of matters concerning its manufacture, employment and future control will be raised in Parliament early in the session and that the Government will be expected to make some declaration of policy. Quite apart from this the successful development of the bomb is of such far-reaching importance that it may profoundly affect international affairs even to the point of altering the whole balance of international forces overnight. It seems desirable, therefore, that we should attempt as a matter of some urgency to arrive at a careful appreciation of the results of this tremendous discovery as soon as possible. It is worth considering whether you should make a statement on the orders of the day early in the session covering certain aspects in which we are specially concerned.

2. The fact that Canada has played a considerable part in the development of the bomb and is a guardian of at least some of the secrets connected with it both puts the Government in a position of special responsibility and places at its disposal knowledge and experience available only to the United States and United Kingdom Governments as well as ourselves. Since Canada is also a major source of the essential ingredient our policy concerning the control, production and export of uranium and other radioactive minerals is a matter on which long-term decisions will have to be taken soon.

3. In order to consider the political issues arising from the development of the bomb, it is necessary to secure the best scientific opinion available on a number of technical questions. These include such questions as the following:

(a) Is the secret of the manufacture likely to be preserved or is its independent discovery probable in other countries?

(Mr. Churchill in his speech of August 16th expressed the view that the secret would remain in present hands only for three or four years.)

(b) In any event, is the process of manufacture likely to remain so elaborate and costly that the bomb could only be produced in two or three countries?

(c) Is uranium likely to remain the principal ingredient?

(d) What is the known distribution of deposits of uranium, thorium and other actual or potential ingredients?

4. The list of questions could be lengthened easily. To get an interim answer to them would require the assistance of persons informed on the scientific and technical aspects of the development. Such an answer is needed before one can assess the effect of the bomb on international relations, defence planning and so on. I, therefore, suggest that you should approve consultation with the President of the National Research Council and such other experts as he may suggest with a view to developing information of the type proposed in the last paragraph.

5. Public interest is centering naturally on the future control of the bomb and its relation to the preservation of world security. Mr. Coldwell has already declared that "it should immediately be placed under the control and supervision of the Security Council of the United Nations." Both President Truman and Mr. Churchill have taken the view that the secret should be kept by those who now hold it at least for the time being. There will doubtless be strong pressure, especially from the Soviet Union, for detailed information. (I understand that the Soviet Government has already requested us to provide them with 50 tons of uranium.) Since the Security Council is impotent to act in a dispute between its own permanent members and since the danger of another great war in present circumstances can arise only from such a dispute, it is optimistic to assume at this stage that the development of the bomb greatly enhances the authority of the Security Council by placing at its disposal an effective weapon against major aggression. The answer to the question of how the use of the weapon can best be related to the preservation of world peace in general and the responsibilities of the Security Council in particular must depend in part on the technical aspects referred to above and perhaps still more on the attitude of the United States and United Kingdom Government.

6. It seems too soon to estimate with any certainty the effects of the bomb on our own defence planning with relation to the size and disposition of our post-war forces. There is even a possibility that the discovery will heighten tension between the great powers rather than reduce it. Furthermore, jealous eyes may be turned towards the sources of the essential ingredient and we may feel compelled to take special measures to protect those sources within Canada. We may also find that our part in the development will lead for the first time to a serious effort to plant foreign agents in Canada with the object of securing information on secret processes.

7. If you agree with the general lines of this memorandum, I think that as a first stage consultation with the President of the National Research Council should take place without delay.

**610.** DEA/201s

*Mémorandum au sous-secrétaire d'État associé aux Affaires extérieures*[18]

*Memorandum for Associate Under-Secretary of State for External Affairs*[18]

SECRET [Ottawa,] August 25, 1945

You may be interested in the attached memorandum on the effects of atomic bombs on defence planning. This paper, which was submitted to the Joint Intelligence Committee (on which we are now represented), has made a great impression on the service members. They are now anxious to begin a study of the functions and organization of intelligence services in Canada and are asking for our advice.[19]

This will have to be related also to the questions twice put informally to us, first by Arnold-Forster[20] and secondly by Cavendish-Bentinck,[21] as to whether there would be a co-ordinated intelligence organization in Canada which would be willing to co-operate with a smaller body being planned in the United Kingdom. J.I.C. are starting an immediate study of this and if you agree I would suggest that for the time being they confine themselves to drafting possible plans which could then be examined by this department.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du chef, la Section de topographie interarmées, au Comité mixte canadien de renseignements*

*Memorandum from Chief, Interservice Topographical Section, to Canadian Joint Intelligence Committee*

[Ottawa,] August 20, 1945

It seems generally agreed that the invention of rocket-firing guns and atomic bombs mark the close of an era in human history, and that the new era we are now entering is fraught with the utmost peril for the human race.

*Significance of Atomic Bombs and Rocket Propulsion*

In making the statements given below I have the support of two competent physicists, Prof. J. O. Wilhelm and S/L P. M. Millman.

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[18]Préparé par G. de T. Glazebrook.

[19]La note suivante était écrite sur le mémorandum:
The following note was written on the memorandum:
Should I mention that we are also taking up atomic bomb questions? The next meeting is on Monday afternoon. G. de T. [Glazebrook]

[20]H. C. Arnold-Forster, directeur adjoint du renseignement naval de Grande-Bretagne.
H. C. Arnold-Forster, Assistant Director of Naval Intelligence of Great Britain.

[21]V. F. W. Cavendish-Bentinck, ambassadeur de Grande-Bretagne en Pologne; anciennement sous-secrétaire d'État adjoint aux Affaires étrangères et chef, comité conjoint du renseignement.
V. F. W. Cavendish-Bentinck, ambassador of Great Britain in Poland, formerly Assistant Under-Secretary of State for Foreign Affairs and Chairman, Joint Intelligence Committee.

1. The general principles of the atomic bomb are so well known that any country willing to spend the requisite amount of money can learn the secret of the manufacture.

2. Uranium ores are sufficiently widely spread that any country, even a large private corporation like Standard Oil or the Aluminum Company of America, can readily gather a stockpile adequate for the production of atomic bombs. Furthermore, scientists are likely to find other sources of atomic energy beside uranium ores.

3. While atomic bombs have so far been transported against hostile targets by plane alone, some method is likely to be found for projecting them by rocket also.

4. The present range of rocket-firing guns can certainly be greatly increased. Within ten or twenty years it may be possible to "rocket" atomic bombs against the city of New York from as far away as the coast of France in Europe, or of Brazil in South America.

5. No adequate defence against the atomic bomb is known. It may be that none is possible. So great is its destructiveness that navies, armored vehicles, concrete fortification and fleets of intercepting planes are as futile as was the body armour of the mediaeval knight against cannon.

6. International control of the manufacture and employment of atomic bombs is exceedingly difficult. Factories diverted to their manufacture can be readily camouflaged as chemical and metallurgical plants; and no nation can be trusted not to use atomic bombs in order to gain world power, or perhaps even (e.g. Japan) merely to obtain revenge.

If the above statements are correct, as I believe them to be, then large navies and armies have lost most of their value and will shortly cease to exist. No country is going to spend $100 millions to build a battleship which can be obliterated in its home port by a single bomb launched perhaps from 2,000 or 3,000 miles away and costing, it may be, no more than $10,000. Hereafter, all that a nation planning an offensive war would seem to require is a coterie of scientists and technologists, a few industrial plants, and a small standing army to serve as a police force.

### *Intelligence Requirements in the Past*

The present war demanded full and up-to-the-minute information on almost every phase of enemy life and activity; and each of the three services had its own peculiar intelligence needs.

The army needed to know the numbers, organization and distribution of the forces which the enemy could put into the field, their equipment, methods of transport and communication by land, sea and air, the industries that supplied their armaments and the food and medical services that kept them in the field.

The navy had to know every detail of the enemy's warships and mercantile marine, their sources of fuel and other supplies, their dockyards, harbor installations, etc.

The air force concentrated especially on the enemy's air resources, on air communication and transport, and on the military targets in enemy territory that could be attacked from the air.

Under these conditions each of the three services naturally required an intelligence branch of its own. True, it was necessary to coordinate the activities and pool the information of the three branches through a joint committee (the C.J.I.C.) and a joint sub-committee. But the system of three intelligence branches worked, and worked, on the whole, quite satisfactorily.

Today, conditions are entirely changed. As far as one can foresee, large armies and navies are both on their way out, and air forces are destined to be limited, probably to fast transport planes capable of carrying atomic bombs. War, if it recurs, will be waged with rockets and planes carrying atomic bombs; and it will be directed against all the major population centres, and against all places where rockets, planes and atomic bombs are either manufactured or stored.

Under conditions such as these, the maintenance of three separate branches of intelligence, all gathering exactly the same information about enemy installations and plans, will be absurd. Indeed, the division of the defence forces of any country into the three services, army, navy and air, will itself be open to question as anachronistic.

### *Future Intelligence Requirements*

The atomic bomb is still in its infancy. At the present time the United States alone possesses the full secret of its manufacture, but Russian scientists are capable of discovering it within two or three years, and even Spain or Argentina, given the help of fugitive German scientists, may be manufacturing these bombs within a decade or two. We do not know the limits of their destructiveness, the length of time they can be kept in storage, or the precautions a nation should take, the information it should gather, to protect itself in the event of another war.

A few things seem reasonably certain:

1. Any future war is likely to be a matter of a few hours only, or, at the most, a few days. No nation will be able to survive a continuous rain of well-directed atomic bombs; and no nation is likely to attack another without preparing in advance what it believes to be an adequate stock of them.

2. Practically all the intelligence that was so essential for this war (e.g., on navies, armies, air-fleets, anti-aircraft defences, fortifications, landing beaches, etc.) will be useless. The short duration of any future war will preclude any problems of security and censorship, any interrogation of prisoners, etc.

3. Probably the main information a nation should possess, for its self-protection, will be the atomic bomb strength of its potential enemies and their means of launching them. Such information may be extremely difficult to obtain (as witness our ignorance of the industrial set-up of Russia before and during this war). Yet the perils of ignorance are so great that peace-loving

nations may be willing to pool their intelligence, and exchange information on such topics as:

(a) Stocks of uranium and other source materials for atomic bombs.

(b) Locations and production of every chemical and metallurgical plant that might serve for the manufacture of atomic bombs, or of airplanes and rocket-guns capable of launching them.

(c) Activities of every scientist and technologist who might conceivably be engaged in research on, or the manufacture of, atomic bombs.

It is obvious from this that the information we shall require in the future will be very different from the information we have needed in the past. We shall be less concerned with purely military matters; e.g., armaments on sea and land, defence installations, etc.; but we will need to watch very closely the political and industrial organizations of all countries, and study also their topographic features and their economic and scientific resources. What more we shall need to know we cannot yet tell; and until the picture becomes clearer, it would be unwise perhaps, to scrap the intelligence services which we now possess, and which have served us so well in the past. But the handwriting is on the wall, and the change to some new intelligence set-up cannot be long delayed if Canada is to survive and maintain her place in the changed world.

*Recommendation*

In the light of the foregoing discussion I strongly recommend that the Canadian Joint Intelligence Committee suggest to the Chiefs of Staff Committee:

1. That a senior intelligence officer be sent to England to consult the heads of the various British Intelligence services, and to sound out their opinions concerning the nature of the intelligence they believe will be required henceforth and the kind of organization best fitted to obtain that intelligence.

2. That, subsequently, the same or another senior intelligence officer be sent to Washington on a similar mission.

DR. D. JENNESS

**611.** DEA/201s

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] September 5, 1945

With reference to my memorandum of August 18th concerning questions of policy arising from the development of the atomic bomb and the Canadian part therein, I gather from Mr. Malcolm MacDonald that it is expected that matters concerning the bomb will be discussed in the Council of Foreign Ministers. They would not be surprised in London if Mr. Molotov were to

introduce the subject by requesting that the secret data should be revealed to the Russians. Mr. Byrnes has let Mr. Bevin know that he hopes to talk over with him in London the attitude which should be adopted at the Council but he is apparently not prepared to disclose the views of the U.S. Government in advance of his own arrival in London.

The suggestion may be made that we should participate in any discussions in the Council of Foreign Ministers on this subject but I think that we can leave that to be dealt with if it should arise.

The probability of international negotiations in the near future makes it very desirable that any statement made in the House of Commons should be most carefully weighed in advanced.

H[UME] W[RONG]

**612.** DEA/201s

*Le sous-secrétaire d'État associé aux Affaires extérieures au directeur de l'administration, la Commission d'aide mutuelle*

*Associate Under-Secretary of State for External Affairs to Director of Administration, Mutual Aid Board*

TOP SECRET Ottawa, September 5, 1945

Dear Mr. Fraser,

We are heading into some intricate problems of much concern to this Department arising from the development of the atomic bomb. It is likely that questions relating to it will come up at the meeting of the Council of Foreign Ministers which will open in London next week. In this connection I think that we should have exact knowledge of the approaches made to you by the Russians for a substantial quantity of uranium. You mentioned to me that they had asked some time ago for 50 tons of uranium, explaining that they wished it for use in a steel hardening process and that they had been put off with requests for further information on the process in question.

Could you let me have an abstract of the information appearing on your files about the Russian request and any information that is available about their following this up both before and after the first use of the atomic bomb? This may turn out to be a matter of some urgency and I hope that you will, therefore, be able to answer this letter soon in spite of your many other preoccupations at the moment.

Yours sincerely,

H. H. WRONG

**613.** DEA/201s

*Le directeur de l'administration, la Commission d'aide mutuelle, au sous-secrétaire d'État associé aux Affaires extérieures*

*Director of Administration, Mutual Aid Board, to Associate Under-Secretary of State for External Affairs*

[Ottawa,] September 8, 1945

Dear Mr. Wrong:

The request from the Soviet Commission here for uranium was verbal.

A few months after Mr. Sergeev[22] returned to Moscow after his first visit to Canada in the Fall of 1943, Mr. Krotov[23] presented me with a direct request from Mr. Sergeev to supply them with fifty tons of uranium salts and a small quantity of uranium, if possible.

I was aware, at the time, of our operations in this field so discussed it immediately with Dr. Thompson before making any inquiries as to the availability of this item. Dr. Thompson asked me then to inquire for what purpose it was required and they advised me at this time that they wanted it for certain types of steel they were developing, so we then asked them to advise us how they used it in steel production and to indicate to us the formulas to be used and advised them that, when we received this information, we would then reconsider their request.

After this date, I never had a serious request for this item again, merely references to their previous request and I always replied that they had never supplied us with the information which we had requested. I am advised by Dr. Thompson that experiments have been made in steel manufacture with uranium but that no particular desirable results have been obtained.

I have had our files searched to make sure that there was no written request for these salts and we do not have any written record of such a request having been filed with us.

Yours very truly,

KARL C. FRASER

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[22]Commissaire suppléant du peuple au Commerce extérieur de l'Union soviétique.
Deputy People's Commissar for Foreign Trade of the Soviet Union.

[23]Conseiller commercial, ambassade de l'Union soviétique.
Commercial counsellor, Embassy of the Soviet Union.

**614.** DEA/50219-W-40

*Mémorandum du premier secrétaire, le ministère des Affaires extérieures*
*Memorandum by First Secretary, Department of External Affairs*

SECRET [Ottawa,] September 2, 1945

CONTROL OF THE ATOMIC BOMB BY THE UNITED NATIONS ORGANIZATION

President Truman in the course of his statement of August 6, 1945, announcing the first use of the atomic bomb, said, "Because of the wide-spread knowledge and interest in this subject even before the war, there is no possibility of avoiding the risks inherent in this knowledge by any long-term policy of secrecy." The President went on to name a committee to be set up "charged with the responsibility of formulating recommendations to the President concerning the post-war organization that should be established to direct and control the future course of the United States in this field, both with regard to the research and developmental aspects of the entire field and to its military applications. It will make recommendations with regard to the problem of both national and international control." In his subsequent broadcast of August 9 on the Potsdam Meeting, President Truman said, "The atomic bomb is too dangerous to be loose in a lawless world. That is why Great Britain and the United States who have the secret of its production do not intend to reveal the secret until means have been found to control the bomb so as to protect ourselves and the rest of the world from the danger of total destruction."

The President did not specify the United Nations Organization as the body which might be entrusted with international control of the atomic bomb, but it seems probable that the Organization which is to be responsible for world peace might, in the event of any form of international control being decided upon, be given this responsibility. Meanwhile there has been a good deal of talk in the press and elsewhere about the United Nations Organization being given control of the atomic bomb.

In the British House of Commons a group of Labour Members offered an amendment to the Government's motion for the ratification of the United Nations Charter in the following terms:

"And further expresses the opinion that the security proposals contained therein have been rendered inadequate by the atomic bomb and that the Government should take steps to represent to the United Nations that:

(A) An international centre for research and production in relation to atomic power should be created at international expense and staffed by international scientists and experts;

(B) A system of international inspection of national laboratories and production plants should be instituted for the purpose of ensuring that no development of atomic power for purely national purposes takes place."

No doubt when our own House of Commons comes to consider the ratification of the United Nations Charter, there will be discussion of the atomic bomb. There may be proposals for its control by the United Nations Organization or by some other international body specially created for the purpose.

The issues involved may perhaps be considered under three headings:

1. Control of existing capacity to manufacture the weapon. (This is at present vested exclusively in the United States, apart from dependence on Canadian supplies of uranium.)

2. Control of the secret of the scientific discoveries on which the manufacture of the bomb depends. This information is confined to the United States, United Kingdom and Canadian Governments.

3. International control of future scientific experimentation in this field, of future production of these weapons and of the raw materials concerned in their production.

All three questions are interconnected, but it is wholly within the power of the United States Government to decide the first. There is nothing in the United Nations Charter to compel the United States Government to submit the manufacture of the atomic bomb to the control of the United Nations Organization. So far as its obligations under the Charter are concerned, the United States would be free to carry on the manufacture of such weapons for its own exclusive use. The Charter does not provide for compulsory disarmament or the limitation or control of special forms of armament, but merely states in Article 26 which deals with disarmament, that "in order to promote the establishment and maintenance of international peace and security with the least diversion for armaments of the world's human and economic resources, the Security Council shall be responsible for formulating with the assistance of the Military Staff Committee referred to in Article 47, plans to be submitted to the Members of the United Nations for the establishment of a system for the regulation of armaments."

By Article 2 of the Charter the United States, like all other Members of the Organization, is committed to refrain in international relations from "the threat or use of force," but it could perfectly well be argued that the continued manufacture of the atomic bomb does not in itself constitute a threat of force any more than the maintenance of any other form of armaments.

It is possible that if the United States has not by that time come forward with some plan for the international control of the atomic bomb, the subject may be raised and discussed by the Assembly of the United Nations at its first meeting. The Assembly has the power under Article II of the Charter to "consider the general principles of co-operation in the maintenance of international peace and security, including the principles governing disarmament and the regulation of armaments." It is possible that the Assembly might recommend the control of the atomic bomb by the United Nations Organization. Such a recommendation might be made either to the United States Government or to the Security Council, or to both. The Government of the

United States could, if it so decided, ignore the recommendation of the Assembly, and if the question came before the Security Council the United States could exercise its veto to prevent any interference with its exclusive control and manufacture of the bomb.

In view, however, of President Truman's declaration concerning the future control of the bomb, it seems more probable that before the first meeting of the Organization the United States Government, perhaps in association with the United Kingdom Government, will declare its policy with regard to the future of these weapons. It has been suggested in the press that this subject may come before the Council of Foreign Ministers at its forthcoming meeting in London.

Any attempt to forecast United States policy in the matter is pure speculation as there is no indication of the intentions of the United States Government. One possibility is that the United States might announce its willingness to place the atomic bomb and any similar weapons which may be discovered at the disposal of the Security Council to be used for the preservation of international peace and the suppression of aggression. Such an offer might have to be made dependent on the understanding that if the manufacture of similar weapons were undertaken by other countries, they in their turn would make them available to the Security Council and would give assurances that they would not be employed in any way inconsistent with the Purposes of the Organization. It would doubtless be understood, however, that all the nations concerned would retain the right under Article 51 of the Charter to make use of these as of any other weapons in self-defence.

A proposal of this kind would not in itself involve international control over the production of the atomic bomb. It might perhaps be linked with the further proposal to entrust the Military Staff Committee of the United Nations with the responsibility for formulating a plan for the control of the atomic bomb by the United Nations Organization. In terms of the Charter the Military Staff Committee would be the appropriate body to undertake this responsibility. It would have to be assisted in its planning by expert scientific advisers. If the Military Staff Committee or perhaps some other special body set up to consider the international control of the bomb reported in favour of the practicability of its control by the United Nations Organization, the United States and United Kingdom Governments would at once be faced with a decision of the gravest kind. It seems fairly obvious that no system of international control could be made to work unless it was based on full reciprocity of scientific information amongst the nations concerned. The position has been well stated by Sir Henry Dale of the Royal Society in the United Kingdom. He argues for the complete disclosure of the scientific facts. "The abandonment of any national claim to secrecy about scientific discoveries must be a prerequisite for any kind of international control such as will obviously be indispensable if we use atomic energy to its full value and avoid the final disaster which its misuse might bring."

In any event, in the words of President Truman, "there is no possibility of avoiding the risks inherent in this knowledge by any long-term policy of secrecy." Mr. Churchill has suggested an interval of 5 years before the secret

can be discovered by scientists elsewhere. If this secret is withheld from the Soviet Union, it can be assumed that Soviet scientists will be devoting all their energies to its discovery. It has been suggested that French scientists who had made considerable progress in research in this field before the German occupation will not be long in achieving results.

Despite the likelihood of similar discoveries in other countries, there will no doubt be a case put forward for the retention of secret scientific information about the bomb by the Governments which now control it. Senator Vandenburg in a press interview on August 25 said that the secret could not be shared with the world until "after the creation of absolutely free and untrammeled rights of intimate inspection all around the globe." He added, "That is a freedom which does not yet unfortunately exist." No doubt many of his fellow citizens will share Senator Vandenburg's views.

Should the British and American Governments arrive at the decision in principle that the secret of the production of the atomic bomb is to be shared, the question would at once arise with whom it should be shared. Presumably if the control of the weapon is to be vested in a body responsible to the Security Council, the nations whose representatives compose the Council might be expected to share in the secret of production. Alternatively, it might be proposed that this information should be restricted to the permanent members of the Security Council whose representatives sit on the Military Staff Committee. Any restrictive arrangement of this kind would be almost impossible to work out in practice. If the effective control of the atomic bomb is to be vested in the Great Powers or to be shared between the two great Anglo-Saxon powers and the Soviet Union, a hegemony of power would result which would be intolerable to the other states of the world and might drive them into competitive experimentation and manufacture of such weapons. Yet it is hardly likely that at this stage the United States and United Kingdom Governments would be prepared to pool their information with all the Members of the United Nations, many of which would never in any event be in a position to manufacture atomic bombs.

But international control to be effective would have to mean much more than the mere pooling of information. The body charged with this responsibility would have to have world-wide powers of investigation. There would have to be some form of control of the production and manufacture of the weapons themselves. Production might be limited to states authorized by the Security Council to produce weapons for the use of the Organization, but any such system would be open to formidable objections. As an alternative, production might be confined to international zones and produced as a charge on the Security Council by international staffs. There would also have to be control of raw materials.

The present Charter does not envisage a problem of this kind. The Security Council has general responsibility for the maintenance of world peace and the Members have agreed to accept and carry out its decisions "in accordance with the present Charter" (Article 24). The present Charter would not appear to give the Security Council authority for such far reaching invasions of the

domestic jurisdiction of member states as would be implied by any effective international control of experiment and production in this field. Moreover, the United Nations Organization does not embrace all states and control would have to be world-wide. If, however, the Members of the United Nations accepted international control, the Organization might act with regard to non-member states under the authority of Article 2 of the Charter — "The Organization shall ensure that states which are not Members of the United Nations act in accordance with these Principles so far as may be necessary for the maintenance of international peace and security."

But the most superficial review of the difficulties involved in international control of this new discovery must raise the question as to whether it would be possible at all in a world organized in nation states.

The possible beneficent results of the new discovery have not been touched upon as these seem remote and problematical. It may possibly be suggested that a body responsible to the Economic and Social Council should be appointed to explore this aspect of the question.

*Canada's Position:*

At the present time it appears (although positive and detailed information on this point is not available) that the continued manufacture of the atomic bomb is dependent on supplies of Canadian uranium. If Canada were a Great Power, its monopoly of the indispensable component of the atomic bomb might put this country in a position to determine decisions as to the future use and control of the bomb; but as Canada is not a Great Power, her possession of uranium is perhaps more likely to expose her to embarrassments and difficulties.

In any event, our exclusive possession of the essential material for the manufacture of these weapons is not likely to be of very long duration. Uranium is known to exist elsewhere in the world, in the Belgian Congo for example. It is possible that more will be discovered, perhaps among the varied mineral resources of the U.S.S.R. It also seems likely that in the course of time other substances may be discovered which can be used instead of uranium in the production of the atomic bomb.

But as long as the United States is dependent on Canada for supplies of uranium, the policy of the United States Government with regard to the atomic bomb will require the cooperation of Canada. If the United States should decide that the time is not ripe for international control of the atomic bomb and that its production should be a United States monopoly, the United States Government might insist that Canada should continue to supply American requirements of uranium to the exclusion of those of all other nations. Such a policy has already been advocated by one irresponsible American newspaper. It seems unlikely that it will ever be the policy of the United States Government.

It seems more probable that the United Kingdom and United States Governments will co-operate closely in their plans as to the future of the atomic bomb. The two Governments might jointly decide that it was not safe to disclose the secret of production and that international control was not yet

practicable. The Canadian Government might share this view, but even if the Government of Canada had come to the opposite conclusion and was willing to co-operate now in pooling information and in setting up a system of international control, it would hardly be possible for Canada to take any action in this direction of which the United States and the United Kingdom did not approve. In such circumstances we might find ourselves in a difficult position if other nations (e.g. the U.S.S.R. or France) should request the Canadian Government to supply them with uranium on similar terms to those under which we are making it available to the United States and the United Kingdom.

It would therefore be in Canada's interests for an effective system of international control to be set up, for we should no longer have to bear the responsibility of controlling the supplies of this essential material. But the prospects of such a system being established seem at present to be somewhat remote. Meanwhile there does not in practice appear to be any alternative open to Canada but to concur in any major decisions of policy which may be agreed upon by the United States and United Kingdom Governments. If these Governments decide that international control and pooling of scientific information can safely be attempted, the Government of Canada would not presumably object to international control of Canadian uranium supplies. If, on the other hand, the two great Anglo-Saxon powers decided to maintain the present position, Canada would not wish to press for international control at the risk of parting company on so important a question with both the United Kingdom and the United States. A difficult situation from the Canadian point of view would, however, arise if the policies of the United Kingdom and the United States diverged — if, for example, the United Kingdom were to advocate some measure of international control which the United States felt to be dangerous or premature.

The hypotheses which have been outlined above are necessarily mere guesswork as to possible alternative situations with which the Canadian government might find itself faced. If they show nothing else, they at least indicate the importance of the Department of External Affairs being as fully informed as the requirements of secrecy permit with regard to developments of Government policy and of public opinion in this field both at home and abroad.

The policy of Canada with regard to the international control of atomic weapons will obviously have to be considered not only on the technical or military plane, but in relation to Canada's foreign policy. The subject of the atomic bomb is explosive in more ways than one. It is capable of producing sudden and drastic effects on the relations of Canada with other states. It seems, therefore, to be essential that somebody should be set up in the Department of External Affairs to study the problem (perhaps with the advice of scientific experts) and to consider the question of the future control of the atomic bomb and of its bearing on Canada's foreign relations.

**615.** DEA/201s

*Le sous-secrétaire d'État associé aux Affaires extérieures au représentant principal de l'armée canadienne, la Commission permanente canado-américaine de défense*

*Associate Under-Secretary of State for External Affairs to Senior Canadian Army Member, Permanent Joint Board on Defence*

TOP SECRET Ottawa, September 19, 1945

To: Major General Maurice Pope

Mr. Heeney suggested that I might send to you for your consideration various memoranda concerning the atomic bomb. On putting together my papers I have made quite an accumulation. These are my only copies and I should be glad if you would return them when you have perused them and made any extracts that you wish. The enclosures are as follows:

1. A note from me to the Prime Minister, dated August 18th, some of which is slightly outdated (e.g. I have now learned a good deal more about the questions raised in paragraph 3) but the main points in which still seem to me to be sound.

2. A memorandum on international control of the atomic bomb prepared by Mr. Ritchie, which is also a little bit outdated on some of the scientific points, but which contains a very useful analysis of the problems inherent in any attempt to entrust control of the bomb to the Security Council.

3. An interesting paper prepared by Mr. Jenness for the Joint Intelligence Committee on August 20th, with a short covering note from Mr. Glazebrook.

4. Three clippings from recent issues of the New York Times, of which the most important is the article by Phillips.[1]

5. A letter to me of September 13th from Lt. Col. P. W. Cooke of the Department of National Defence,[24] which arose out of some previous correspondence concerning his desire to secure an appointment as a Military Attaché. I have not answered this nor as yet discussed it with Glazebrook who represents this Department on the J.I.C.

I am quite sure that we must do something to further the preparation of a general policy. This will, of course, have many facets, of which the Intelligence field is only one. The first step is the collection of further information about our own position in relation to production of materials, control of radioactive deposits, part in the scientific research and development and participation in joint planning bodies with the U.K. and U.S. I am surprised that the matter has not yet been brought up in Parliament.

H. H. WRONG

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[24]Non trouvé./Not located.

**616.** DEA/201s

*Mémorandum du représentant principal de l'armée canadienne, CPCAD, au sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum from Senior Canadian Army Member, PJBD, to Associate Under-Secretary of State for External Affairs*

TOP SECRET Ottawa, September 21, 1945

I have read the attached papers relating to the atomic bomb, which are returned herewith.

To my mind, it is more than difficult to assess, or even to attempt to assess, the influence of this new agency of destruction on the future organization of the Armed Forces, and on the broader question of its effect on international relations in the years which lie ahead. The participants in a revolution rarely, if ever, perceive the ultimate or even the short-run consequences of their actions. I am indebted to Mr. Scott Macdonald for the remark that it was not until about 1840, that Guizot first noted that the French Revolution has marked the end of the Feudal System in France and subsequently in the greater part of Europe. I therefore venture to doubt if the advent of the atomic bomb will prove an exception to this general rule. The timing, however, will be somewhat quicker.

The effects of this new weapon are admittedly devastating in the fullest sense of the word. But if history is a worth-while guide it may be recalled that while mediaeval armour proved useless against primitive cannon, the invention of gun powder did not drive armies from the field; that if cavalry could not operate over ground swept by machine-gun fire, other soldiers were not thereby prevented from closing with the enemy. In 1918 we learned that men armed only with rifles would not dally to argue the point with advancing armoured fighting vehicles, but in a short space of time they were provided with weapons which enabled them to do so, and with success. Twenty-five years ago the tank led the van of the attack. Today the tank follows in the wake of the foremost infantry.

Throughout the centuries there has been a see-saw struggle between the weapons of offence and those of defence. An advance in the one has invariably brought along a counter to the other. It may then be a little early to decide that President Truman was merely indulging in wishful thinking when he publicly stated that it was not intended to reveal the secret of the atomic bomb "until means have been found to control it so as to protect ourselves and the rest of the world from the danger of total destruction." The time to chant *Dona ei requiem aeternam* over the blasted bodies of the Fighting Services may not be just yet.

On the contrary, I cannot escape the conviction that our sea, land and air armies will retain their corporate existence for yet a while. That they may undergo radical change in the next few years is hardly open to doubt, but the toughness of their hold on life is likewise not to be doubted. Twenty years ago it was the fashion to predict that the next war would be fought by small

compact armoured formations. Actually, in this war there were deployed in Europe upwards of 1,000 divisions, and at a guess I should say that not less than half of these were old-time infantry divisions equipped with horse-transport. I think, therefore, that in respect to our Armed Forces we should wait and see, in the meantime quietly going on with the plans we have in hand.

Elsewhere, and in other words, I have suggested to you that in most matters, excluding perhaps those relating to trade, economics and finance, it is but the policy of wisdom on our part to pass on the first round and to content ourselves with a supporting bid when we next have an opportunity to speak. Whatever may be thought of this as a general rule of policy, I have no hesitation in saying that it seems the appropriate one to follow with respect to the question under discussion.

Some earnest minds seem to believe that the closely-guarded secret of the atomic bomb "should immediately be placed under the control and supervision of the Security Council of the United Nations." To this I shall content myself by observing that those who can bring themselves to believe that Great Powers, such as the United States or the United Kingdom, would be innocent enough to give the world (for there would be no security in the Security Council or its Military Staff Committee) information of such vital political and military importance are merely seeking to be disillusioned. How much of the whole secret may be in the possession of Canadian authorities I do not know, but however this may be, I can only conclude that under this head we should be content to follow the lead of the United States and the United Kingdom.

As regards the control of the extraction and export of uranium, it seems clear that our policy should be such as fully to accord with that of the two English-speaking Great Powers. Consequently, we should not export uranium or other radio-active substances without first having obtained a green light from the United Kingdom and United States, which Powers I think we may feel assured will continue to pursue in these matters closely parallel lines of policy.

To revert to the question of the effect of this new discovery on the organization of the Fighting Services, I would repeat that we should adopt a policy of wait and see. The Canadian people have admirable martial qualities, but they are not, nevertheless, the world's leading militarists. You were good enough to bring to my notice that the United Kingdom had recently set up an important Advisory Committee to inquire into the report on the international treatment and the further industrial and military development of the atomic bomb. It may be that for breadth of knowledge we could match this committee in Canada, but I have some doubt as to this. In any event I think we should keep in touch with the work of this Committee and take such action as may be necessary to ensure that we are made aware of its findings. I might add here that the Chiefs of Staff have asked our Missions in London and Washington to report to them whatever information they can obtain under this head.

In the matter of research, I do not know precisely the part played by our Canadian scientists. Very properly the greatest reticence is being observed. My guess is that our people carried out specific tasks allotted them by the United

States (and the United Kingdom?). It is very much to be desired that our people should be in a position to continue their close liaison of the past few years with London and Washington and do their part in further development. I would add the thought that as a special project they might undertake the study (if they are not already doing so) of the possibility of developing "guided" means of defence against "guided" missiles.

There is another military aspect to which it might be useful to make passing reference. As regards Europe, the desolate lands of Newfoundland are closer by 1,000 miles to possible trans-Atlantic targets than North American targets of importance are to European launching sites. The point lends added interest to Canadian and United States defence interest in Newfoundland.

Intelligence, I think, is the last remaining point to be touched upon. We of course should strive to keep ourselves posted in every aspect of the atomic war. We must, however, avoid the temptation to indulge in flights of fancy. Apart from our Discrimination activities, we have never enjoyed any original sources of information. It is possible that we may make some progress in this direction, but this in all probability will be rather gradual. I think for some time to come we shall have to depend on our usual United Kingdom (and possibly United States) sources of information. The proposal of a unified Government Intelligence Bureau, while interesting, is hardly germane to this paper.

The domestic security aspect of the question is one which I am sure has not escaped the notice of appropriate authorities.

To summarize, my present views are:

(a) that it is extremely unlikely that the U.S. and the U.K. are likely to make their special knowledge available to the Security Council, and that we should agree with them on this point;

(b) that as henceforth all demands on us for uranium and other radio-active substances will be open to question, we should not allow any of these materials to be exported without the prior knowledge that such action is agreeable to the United States and the United Kingdom;

(c) that we should not show undue haste in deciding in our own minds the effect the atomic bomb will have on the organization and tactical handling of our Armed Forces, but on the contrary;

(d) that we should keep in the closest possible touch with the development of thought on this question both in the U.K. and the U.S.;

(e) that our research authorities should continue their present privileged liaison with their U.S. and U.K. opposite numbers;

(f) that as a special, though possibly not separate activity, they should study (if they are not already doing so) the possibility of developing "guided" means of defence against "guided" missiles;

(g) that the possible importance of Newfoundland in atomic bomb warfare should not be lost to view, and

(h) that obviously our Intelligence should keep in the closest possible touch with atomic warfare development in foreign countries.

[MAURICE POPE]

**617.** W.L.M.K./Vol. 389

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5096 Washington, October 3, 1945

IMMEDIATE. SECRET. Following for Wrong from Pearson, Begins: Confirming my telephone conversation of a few moments ago, I have been told by the Acting Secretary of State that the President is submitting to Congress at 4:00 p.m. this afternoon a message regarding the control of the atomic bomb. The domestic part of that message provides for the transfer of authority over the bomb and its development from the War Department to a Commission under the President. On the international side, the President's message emphasizes that the secret of the bomb cannot be indefinitely maintained and probably should not, and that the main thing is to ensure that its development should be along constructive rather than destructive lines. For this purpose international discussions are desirable; are in fact essential with the United Kingdom and Canada, countries which share the secret with the United States. The President's message adds that later these discussions should probably be extended to other countries. Acheson hopes that this message which he thinks corresponds with the line which Mr. King and with *sic* Mr. Truman took in their discussion Sunday last should prove helpful and he was anxious to let us know about it before it was given to Congress.

**618.** DEA/201s

*Mémorandum du sous-secrétaire d'État par intérim*
*aux Affaires extérieures*
*au greffier du Conseil privé*

*Memorandum from Acting Under-Secretary of State for External Affairs*
*to Clerk of Privy Council*

CONFIDENTIAL [Ottawa,] October 11, 1945

Pearson telephoned this morning to say that a meeting of the Joint [*sic*] Policy Committee on the Atomic Bomb would take place in Washington on Saturday morning, October 13th. This is the top level Committee, the appointment of which was agreed at the Quebec Conference of 1943 and on which Mr. Howe sits. Both Acheson and Makins[25] had discussed the position

[25]Roger Makins, ministre, ambassade de Grande-Bretagne aux États-Unis.
Roger Makins, Minister, Embassy of Great Britain in United States.

with Pearson, and it appears not improbable that the United States will use this Committee as the channel for consultation on the international questions relating to atomic energy which were mentioned in President Truman's message to Congress of a few days ago.

Pearson went on to say that the organization of the Committee seemed not to reflect adequately the positon of Canada. The Canadian member was regarded as one of three British members and notices of meetings were conveyed to Mr. Howe through the United Kingdom High Commissioner here. He thought that this should now be changed and that Saturday's meeting might be a good occasion for suggesting some change. He had gathered that this meeting will be largely concerned with questions of organization. On the United States side they have to replace Mr. Stimson as one of the members, and they are to consider the establishment of a joint secretariat. He suggested that, if Mr. Howe was unable to go to Washington for the meeting, he might take his place.[26] If the existence of the Committee was to be continued, it would no longer be concerned with questions of production and development but with matters of policy relating to control, mainly in the international field. He knew that there would be no objection on the United States or the United Kingdom side to his acting in place of Mr. Howe at the meeting.

H. H. WRONG

**619.**

DEA/201s

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5310 Washington, October 13, 1945

IMMEDIATE. TOP SECRET. My WA-5295, October 12th,† Combined Policy Committee.

This morning's meeting was presided over by the Secretary of War. The point of chief interest raised was the possibility of using this Committee as the mechanism for the international discussions referred to in the President's statement of last week and Mr. Attlee's statement in the House of Commons.[27] Mr. Patterson[28] said that no decision on this matter had been reached, so far as he knew, by the President or the Secretary of State. This Committee might be used, but, on the other hand, discussions might be conducted through the Foreign Office and diplomatic channels. Lord Halifax said that he had not

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[26]Note marginale:/Marginal note:
Mr. Howe has agreed. W[rong]

[27]Le 10 octobre 1945. Voir Grande-Bretagne,
October 10, 1945. See Great Britain,
House of Commons, *Debates*, Fifth Series, Volume 414, Columns 227-8.

[28]Secrétaire à la Guerre des États-Unis.
Secretary of War of United States.

received the views of the United Kingdom Government, but he spoke in such a way as to give the impression that he favoured using this Policy Committee for the discussions in question, and I learned afterwards from him and Makins that the United Kingdom Government will likely confirm this.

Three questions of specific interest to Canada arose. The suggestion was made by the United Kingdom that we should also appoint a Joint Secretary, with Makins United Kingdom and General Groves U.S.A. There was no opposition to this, and I said that I would enquire of my Government whether they wished to nominate a Joint Secretary. The question also arose regarding the method of appointment of new members of the Committee. The practice has been that new members should be appointed only after approval of both the President and the United Kingdom Prime Minister, but it was agreed today that this was unnecessary and possibly inappropriate and that, on the United Kingdom side, approval of the Prime Minister only was required, and, on the United States side, approval of the President only. I stated that I assumed that the same procedure would apply if any change in Canadian membership were ever required and that approval by the Canadian Prime Minister would be sufficient. This was agreed.

The third point was brought up by the United Kingdom who wondered whether Canada's association with the Committee should be made somewhat more formal. It was pointed out that the Quebec Agreement establishing the Committee was between two Governments, not three, and that Canada's membership was based on a clause in the Agreement inviting her participation. Patterson expressed the view that Canada's membership on the Committee had been most valuable and that, if any formal change was required to regularize her position, this probably could be made. I said I would take up the matter with my Government, that so far as I knew the terms of Canada's membership on the Committee in the past had been satisfactory. If, however, the Committee were to be given new functions beyond those originally contemplated and which were possibly more diplomatic than scientific in character, some action might be required to put Canada on exactly the same basis of membership as the other members; assuming of course that Canada desires to continue its membership in the new circumstances.

**620.** DEA/201s

*Le conseiller, l'ambassade aux États-Unis,*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Counsellor, Embassy in United States,*
*to Associate Under-Secretary of State for External Affairs*

PERSONAL AND TOP SECRET Washington, October 15, 1945

My dear Hume [Wrong]:

I enclose herewith the Draft Articles to which we referred in our exchange of teletypes, WA-5315 [1] and EX-3655.[2] I had only one copy of these made

which is enclosed herewith. The original which came from Makins is kept here and is numbered Copy No. 1.

It is perhaps out of order for me to comment on this document, but it is certainly an extraordinary one to say the least.

I think I should tell you that I had a call from George Bateman this morning saying that he had heard from Howe that he had had word from you that there would be a policy meeting last Saturday and that Mike[29] would be calling Bateman to take him along to the meeting with him. Howe observed to Bateman that this was the first occasion on which he had not been informed direct of a meeting of the policy committee. Mike decided on Saturday, when he found, I think, that only Halifax was going to the meeting from the British Embassy, not to take Bateman with him. Bateman, therefore, expressed considerable surprise to me on the telephone today after he had heard from Howe. I simply told him that it was a matter which Mike had handled himself and that I had not had anything to do with it. I said, however, that I would write to the Department about it. Bateman observed that he supposed that the atomic bomb matters were now going into the hands of the diplomats, but that he thought that the diplomats should have somebody along who knew something about atomic bombs. I said that I supposed that if they were going into the hands of the diplomats it was because the questions to be decided at this particular meeting were probably questions concerning the policy in respect of atomic power rather than any technical matters having to do with atomic power. I did not, of course, tell Bateman that that was exactly what this meeting did consider and that Mike told me on his return from the meeting that he was very glad that he had not taken Bateman because he would have been quite out of place.

Bateman, however, will pursue enquiries as to how the meeting was organized and why Howe did not get notification direct and there is no way that I can stop this. You may, therefore, get some repercussions of it in Ottawa.

Yours sincerely,

THOMAS A. STONE

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[29]L. B. Pearson.

[PIÈCE JOINTE/ENCLOSURE]

*Projet d'accord entre les États-Unis et Grande-Bretagne*

*Draft Articles of Agreement between United States and Great Britain*

MOST SECRET [Washington, c. October 15, 1945]

DRAFT ARTICLES OF AGREEMENT GOVERNING COLLABORATION BETWEEN THE AUTHORITIES OF THE U.S.A. AND THE U.K. IN THE MATTER OF TUBE ALLOYS

1. WHEREAS it is vital to our common safety in the present War to bring the Tube Alloys project to fruition at the earliest moment; and whereas this may be more speedily achieved if all available British and American brains and resources are pooled; and whereas owing to war conditions it would be an improvident use of war resources to duplicate plants on a large scale on both sides of the Atlantic and therefore a far greater expense has fallen upon the United States;

It is agreed between us

FIRST, that we will never use this agency against each other.

SECONDLY, that we will not use it against third parties without each other's consent.

THIRDLY, that we will not either of us communicate any information about Tube Alloys to third parties except by mutual consent.

FOURTHLY, that in view of the heavy burden of production falling upon the United States as the result of a wise division of war effort, the British Government recognize that any post-war advantages of an industrial or commercial character shall be dealt with as between the United States and Great Britain on terms to be specified by the President of the United States to the Prime Minister of Great Britian. The Prime Minister expressly disclaims any interest in these industrial and commercial aspects beyond what may be considered by the President of the United States to be fair and just and in harmony with the economic welfare of the world.

And FIFTHLY, that the following arrangements shall be made to ensure full and effective collaboration between the two countries in bringing the project to fruition:

(a) There shall be set up in Washington a Combined Policy Committee composed of:

| *For the U.S.A.* | *For the U.K.* | *For Canada* |
|---|---|---|
| Secretary of War | Field Marshal Sir John Dill | The Hon. C. D. Howe |
| Dr. V. Bush | Col. The Rt. Hon. J.J. Llewellin | |
| Dr. J. B. Conant | | |

The functions of this Committee, subject to the control of the respective Governments will be:

(1) To agree from time to time upon the programme of work to be carried out in the two countries.

(2) To keep all sections of the project under constant review.

(3) To allocate materials, apparatus and plant, in limited supply, in accordance with the requirements of the programme agreed by the Committee.

(4) To settle any questions which may arise on the interpretation or application of this Agreement.

(b) There shall be complete interchange of information and ideas on all sections of the project between members of the Policy Committee and their immediate technical advisers.

(c) In the field of scientific research and development there shall be full and effective interchange of information and ideas between those in the two countries engaged in the same sections of the field.

(d) In the field of design, construction and operation of large-scale plants, interchange of information and ideas shall be regulated by such *ad hoc* arrangements as may, in each section of the field, appear to be necessary or desirable if the project is to be brought to fruition at the earliest moment. Such *ad hoc* arrangements shall be subject to the approval of the Policy Committee.

**621.**

DEA/201s

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum by Acting Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa,] October 16,1945

CANADIAN PARTICIPATION IN DEVELOPMENT AND CONTROL OF ATOMIC ENERGY

At the meeting of the Special Committee of the Cabinet on Defence Questions, held on October 16th, the Acting Under-Secretary of State for External Affairs pointed out that policy affecting atomic energy would soon require serious decisions in the international and probably domestic fields.

According to information received from our Ambassador in Washington, the Combined Policy Committee was being reogranized and steps were being taken by the United States to establish, by Act of Congress, a Commission for the development and control of atomic energy. It was also understood that an Advisory Committee had been appointed in the United Kingdom under Sir John Anderson. The status of Canada's membership on the Policy Committee and the appointment of a Canadian joint secretary were immediate questions to be considered.

Since Canada would soon be participating in international discussions, preliminary steps which might be taken included:

(a) preparation of a concise non-technical statement of the facts and problems involved;

(b) establishment of a small official committee for the formulation of recommendations; and,

(c) consideration of international machinery such as our position on Combined Policy Committee and revision of its terms of reference.

The Committee, after further discussion, agreed:

(a) that at the present stage, these questions were primarily for consultation between the Minister of Munitions and Supply and Reconstruction and External Affairs; and

(b) that the Acting Under-Secretary of State for External Affairs be authorized to consult the President of the National Research Council and other officials concerning all questions relating to the development and control of atomic energy, with particular reference to forthcoming international discussions.

H[UME] W[RONG]

**622.**

DEA/201s

*Le ministre de la Reconstruction*
*au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Minister of Reconstruction*
*to Acting Under-Secretary of State for External Affairs*

TOP SECRET

Ottawa, October 17, 1945

Dear Mr. Wrong,

Thanks for your letter of October 15th[1] enclosing copy of message WA-5310 of October 13th from Mr. Pearson regarding the Combined Policy Committee on atomic energy.

Should it be decided to use the Joint [*sic*] Policy Committee for international discussions, it is quite possible that the Prime Minister will wish to take over Canadian representation on the Committee, which would be quite satisfactory to me. Joint policy on technical matters having to do with production is largely completed. An alternative might be to ask for full representation on the Committee and add a representative of External Affairs as a Canadian member of the Committee.

I suggest that George Bateman, who is resident in Washington, would be logical appointment as Secretary. He is a member with general knowledge of the uranium trust and is the only man in Washington familiar with the work of the Policy Committee. He is also well known to Makins.

It is true that the position of Canada on the Committee is somewhat unsatisfactory in that the one Canadian member and the two U.K. members have been working under the U.K. Secretary; whereas the three U.S. members have their own Secretary. Perhaps a logical step would be to have three members from each of the three countries, in which event Dean Mackenzie might be a logical third member.

I regard it as very important that Canada retain membership on this Committee in order to obtain a full exchange of technical information. I think the U.K. will feel that Canada must retain membership on the Committee if for no other reason than that all U.K. scientific work connected with atomic energy is being carried out in Canada at present.

In my opinion, it would be well to await the return of the Prime Minister to Canada before taking further action in this matter.

Yours sincerely,

[C. D. HOWE]

**623.**

DEA/201s

*Le sous-secrétaire d'État par intérim au ministre de la Reconstruction*

*Acting Under-Secretary of State for External Affairs to Minister of Reconstruction*

TOP SECRET

Ottawa, October 22, 1945

Dear Mr. Howe,

Thank you for your letter of October 17th concerning the Combined Policy Committee on atomic energy. I fully agree that further action with regard to the composition and terms of reference of the Committee should await the views of the Prime Minister. As there seems to be some possibility that he may be involved, before his return to Ottawa, in top level discussions, in the course of which this matter might be raised, I am sending to Mr. Robertson in London[30] a copy of Mr. Pearson's report of the last meeting of the Combined Policy Committee[31] and a copy of your letter to me commenting thereon. This will ensure that Mr. King will be aware of your general views if he is called on to express an opinion before his return here.

Yours sincerely,

H. H. WRONG

**624.**

W.L.M.K./Vol.378

*Le Premier ministre au Premier ministre de Grande-Bretagne*

*Prime Minister to Prime Minister of Great Britain*

TOP SECRET AND PRIVATE

[London,] October 22, 1945

My dear Prime Minister,

I regret to find that I did not immediately acknowledge the due receipt of your letter of October the 17th enclosing, for my private information, copies of the exchange of letters between yourself and the President about the atomic

[30]N. A. Robertson était en visite à Londres.
N. A. Robertson was on a visit to London.
[31]Document 619.

bomb and related questions.' The letter was handed to me personally by Mr. Norman Robertson in whose care it had been placed. Mr. Robertson advised you office of my having received the letter personally from him.

I thought at the moment that this acknowledgment was perhaps all that was necessary. I have since, however, felt that for the purpose of record, I should send this further personal acknowledgement to yourself.

With your letter was enclosed a copy of the communication of the 16th of October from yourself to the President[32] in which you mention having discussed the matter of the atomic bomb and related questions with myself and add that you think it important that you and the President and myself should have a discussion as soon as possible, and that you are prepared to go over as soon as convenient.

At the time Mr. Robertson handed me your letter he told me he had just learned that you had received a reply to it from the President, giving alternative dates as to the time at which it would be convenient for the President to see you in Washington. Mr. Robertson did not know whether or not any reference had been made in the President's letter to my being in Washington at the same time.

In my interview with the President on Sunday, September the 30th, the day before I sailed from New York for London, the President said to me that he and you and I might talk over matters together when you came to Washington and reach agreement on the course of action to be taken. Mr. Truman also asked me if I would come and see him again on my return from London.

Now that the date has been fixed for the time of your visit to Washington, I am wondering whether it would not be well to have the President informed by you, as well as by myself, of my intention to return via the *Queen Mary* which sails on November the 4th and to go on from New York direct to Washington so as to be there at the time of your own arrival by 'plane.

In this all important matter, I feel it is most important that you should be fully aware of any and every conversation between the President and myself and my movements in relation thereto; also that the President should be equally aware of my conversations with yourself and my movements in relation thereto.

Yours sincerely,

W. L. M. K.

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[32]Publié dans États-Unis/Published in United States,
*Foreign Relations of the United States*, 1945, Volume II, pp. 58-9.

**625.** W.L.M.K./Vol. 378

*Le Premier ministre de Grande-Bretagne au Premier ministre*
*Prime Minister of Great Britain to Prime Minister*

TOP SECRET AND PRIVATE London, October 23, 1945

My dear McKenzie [*sic*] King,

Many thanks for your letter of October 22 about discussions with the President on the atomic bomb and related questions.

I am sorry if there has been any doubt in your mind on the point, but after our conversation I telegraphed to the President suggesting that he should meet both of us on the 11th, and I have now had a reply saying that he would be very much pleased to meet with you and me on that day. I hope this clears the matter satisfactorily from your point of view.

You will remember we discussed the question of what publicity should be given to the meeting. I am still awaiting a further communication from the President.

Yours sincerely,

C. R. ATTLEE

**626.** DEA/50219-W-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Acting Secretary of State for External Affairs*

TELEGRAM 3101 London, October 24, 1945

TOP SECRET AND PERSONAL. Please transmit following to Canadian Ambassador to the United States, Washington, Begins: October 24th, 1945. Top Secret and Private. Please transmit following for President Truman from Prime Minister of Canada, Begins:

Dear Mr. President,

1. Mr. Attlee has informed me that in reply to a communication from him to you of the 16th instant on the atomic bomb and related questions, he had received a reply to the effect that you would be much pleased to meet him and myself on November 11th.

2. I have since been informed that the date fixed for this meeting has been changed for the following day, Monday, November 12th.

3. Recalling our conversation on Sunday, September 30th, on the eve of my departure for England, and your wish expressed at the time that you would like to have a talk with me after my return from London, I am sending this message to let you know that I have booked passage on the *Queen Mary* sailing from Southampton, Sunday, November 4th, expected to arrive at New York on the

evening of Friday, November 9th. In view of the meeting arranged with yourself and Mr. Attlee for Monday the 12th, I shall not return to Canada until after visiting Washington but will remain over in New York or Washington pending the time of Mr. Attlee's arrival which, I understand, will be by plane.

4. I have asked Mr. Pearson, our Ambassador, to let me know of the time and place of meeting. I shall keep in touch with Mr. Pearson so that any word which may come from the White House to the Canadian Embassy for me will reach me immediately. Signed W. L. Mackenzie King. Ends. Message ends.

**627.** DEA/50219-W-40

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONNAL [Ottawa,] October 29, 1945

With reference to my telegram No. 2461 of October 20th,[1] and my memorandum of October 22nd[2] concerning the forthcoming discussions on the control of atomic energy, I have received Dean Mackenzie's reply to the questionnaire which Heeney and I prepared for him, and I am enclosing two copies of this as you may wish to give one to the Prime Minister. The questions are Heeney's and mine, and the answers are reproduced exactly as I have them from Mackenzie.

We have now, of course, heard that the arrangements have been completed for the top level meeting on November 12th, and we have seen the text of the letters exchanged between Mr. Attlee and President Truman. The enclosed memorandum only bears indirectly on the subject of discussion as set forth by Mr. Attlee in his long letter to President Truman of September 25th.[3] If I feel that we can produce anything useful in the way of a commentary on this letter, I shall try and get it into your hands in time for the meeting.

I have had some general talk on the high questions of international policy, which the invention of the atomic bomb has raised, with both Mackenzie and Mr. Howe. They both agree that it is folly to talk about a defence against an attack with atomic bombs, as the only possible method of defence is to intercept the airplane or rocket or other projectile before it reaches its target, and the possibility of doing this in a sudden attack would be remote. Mackenzie has said to me that, the more he thinks about it, the more profoundly impressed he is with the revolutionary results of the discovery in the political field. But is it possible to conceive a voluntary renunciation of state sovereignty by at least all the major industrial powers of the world, which would provide for the creation of an international government capable of exercising continuous and effective control over all release of atomic energy on more than a laboratory scale? This is the central question.

I have not yet told Pearson of the plans for the November meeting as he has been at Quebec steadily since the 15th of October, having been coerced into accepting the Chairmanship of the F.A.O. Conference. He may be here in a day or two on his way back to Washington, and I shall then give him the information. In any case, Stone knows of the meeting (although not of the exchange of correspondence between the President and Mr. Attlee which preceded it), as Mr. King's message was passed to the President through him.

H[UME] W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

*Réponse du président par intérim, le Conseil national de recherches, au questionnaire préparé par le greffier du Conseil privé et le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Reply by Acting President, National Research Council, to Questionnaire prepared by Clerk of Privy Council and Acting Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa,] October 29, 1945

CANADA'S POSITION IN THE DEVELOPMENT OF ATOMIC ENERGY

1. What is the absolute and relative importance of Canada's part in the development related to the employment of the atomic bomb, specifically:

(a) as a source of raw materials;

(b) as a contributor to research, in terms of personnel and results;

(c) with respect to development, including actual manufacturing operations;

(d) measured in terms of finance, i.e., expenditures upon personnel, materials, etc.

*Answer*

(a) The Great Bear Lake development is a sizeable source of material and second only to the properties of Union Minière in Belgian Congo, which of course are more extensive and the ore of a higher quality. The American project, on the other hand, was not entirely dependent on Canadian ore as they had stockpiled a great deal of Belgian Congo material, and while they valued our present and potential supplies greatly on account of obvious advantages I think they might have carried out their immediate plans without our material.

(b) Our contribution to research was tied up with that of the United Kingdom as our scientific group in the Montreal laboratory consisted of about fifty per cent United Kingdom and fifty per cent Canadian personnel. On the research side and from the standpoint of results obtained our contribution, I think, was much greater than the ratio of moneys spent.

(c) Canada's development work was not a major factor in the production of the atomic bombs dropped on Japan, but may have a very great effect on future plans. The development work in Canada using heavy water was not duplicated anywhere else and was one of the several alternative methods tried.

Also our Chalk River plant will have the highest density of neutron emissions of any plant. It should also be remembered that the Canadian development is the only one in the British Empire and that the acceptance of the British scientific personnel in the American plants was largely made possible by the existence of our plant in Canada.

(d) The Americans estimate they have spent over two billions of dollars. The Canadian effort will probably amount to twenty millions by the end of the fiscal year. From the standpoint of research personnel, while we have no firm United States figures I doubt if the same ratio applies to personnel engaged as to dollars spent. I have no exact figures of the United Kingdom expenditures, but while they have talked in rather sizeable amounts of projected expenditures I doubt very much if to date they have spent more than a fraction of what we have.

2. What estimate can be made of Canada's potential importance in the future development of atomic energy for purposes of war and peace, specifically:

(a) as a source of raw materials presently employed or likely to be employed at later stages;

(b) as a possessor of relevant scientific technique and industrial "know how";

(c) as owner and operator of plants and processes.

*Answer*

(a) I think Canada's present situation as a source of raw material is much stronger than the total amount of ore in sight, as our geographical position as far as the United States is concerned is of very great importance. Uranium, of course, has been found widely in small quantities in many countries of the world but as I have said the Canadian source is the second largest of the developed properties and it is quite possible that still larger ore bodies may be disclosed in the active exploration which is now being carred out. While I have no official information it has come to my ears that considerable ore bodies have been discovered in South Africa, and if this is true it is significant. However, it seems to me that at the present moment Canada's raw material represents a significant asset.

(b) Canada has no advantage in knowledge of relevant scientific technical and industrial "know how" over the United States or Great Britain but definitely has over the rest of the countries of the world. Our scientific knowledge is greater than our present industrial "know how" but within the next year we will be very definitely in possession of valuable general "know how" and particular "know how" in connection with the type of plant we are operating. In addition a great deal of fundamental speculation and planning has been done in connection with possible future industrial applications, but I think that both in the United Kingdom and Canada we are all in the idea stage in this field and it is difficult to know whose ideas are best.

(c) As the owner and operator of the only plant in the British Empire I think we have, at the moment, a rather strong position as far as everyone else

excepting the United States is concerned. As mentioned above we have some advantage in being the operators of the only plant using heavy water.

3. To what extent are the U.K. and the U.S. dependent upon Canadian participation in the future development and employment of atomic energy, i.e., to what extent has Canada a peculiar stake in a joint enterprise? What can we give or withhold to those associated with us, whether it be the U.K. and the U.S. only or an alliance or an international organization?

*Answer*

As far as the United States is concerned they have always felt, I think, that they were quite able to carry on alone, and as a matter of fact in the early days they put every conceivable difficulty in the way of cooperative efforts outside the United States, largely I think owing to an honest fear of security leakages. While I think the United States welcomes the Canadian contacts I also think they feel, as they do in the matter of military defence, that they are quite competent to look after themselves. As far as the United Kingdom is concerned it is my conviction that we hold very strong cards at the moment as they have no atomic energy plant whatsoever in England, and it will take them some time to build even an experimental pile. So, for the moment and for the next year or so they will be dependent entirely on our development in Canada for experience in piles and it will be from our plant that they must obtain any of the by products which look so promising in the field of medical research. At the present moment there is much discussion in England as to future plans. One school apparently would like to build large scale plants there and they are talking of capital expenditures of the order of eighty million pounds. The other school of thought, which in my opinion is by far the better formed, feels that the wiser plan would be to establish a large Commonwealth plant in Canada, which could supply the material for the other parts of the Empire, and to the research laboratories of which teams for the various Dominions and Britain could come for research work. Personally I think this latter is by far the wiser scheme unless there are some higher policy considerations unknown to me.

4. What is the present position with respect to the Chalk River plant and the research unit in Montreal and any other related Canadian undertakings? What personnel and money (capital and operating expense) have we committed to these projects? How does this compare with the U.K. and the U.S. qualitatively; quantitatively?

*Answer*

The scientific research laboratory in Montreal is presently costing about $750,000 per year. It is impossible to make an accurate estimate of future budgets until the question of co-operation with the United Kingdom is determined, but it is felt that a research laboratory budget of about $500,000 per year will be a minimum. Regarding the Chalk River project the capital costs on completion will be in the neighbourhood of twenty million, and again it is very difficult to estimate yearly operating expenses for a type of industrial plant that has no parallel in history. Informed guesses run from two million to

one million dollars per year. As far as the United Kingdom is concerned outside of the scientists who are being maintained in our Canadian laboratories and in the stations in the United States there is little money being spent, but as mentioned above from informal discussions going on in England I have learned that capital expenditures of the order of eighty million pounds are being contemplated. As far as the United States is concerned all we know is that the overall cost up to 1945 was in the neighbourhood of two billion dollars but it is certain that operation costs are of an altogether different order of magnitude from those undertaken by Canada.

5. What briefly are the government controls in Canada over

(a) deposits of radio-active raw materials;

(b) production of and refining of radio-active ores;

(c) atomic research and development? Should a comprehensive method of control on a long-term basis be established?

*Answer*

(a) In the Northwest Territories all rights in connection with future mines of uranium have been reserved to the Government, and similar agreements have been reached with several of the provinces.

(b) As far as I am aware there are no Government controls on refining of radium ores but actually only Eldorado is conducting such an operation.

(c) There are no Government controls in Canada in connection with atomic research and development but in my opinion there certainly should be. Such controls should be established on a long-term basis but any legislation should be very carefully framed so that ordinary fundamental scientific work on nuclear physics is not brought under Government control, but only the design, development, construction and operation of atomic energy plants and the distribution of radioactive fission products.

6. What, in outline, are the agencies through which the development of the atomic bomb has been directed on the tripartite international basis? In your view, is it desirable to continue these tripartite agencies, perhaps in accordance with a new agreement?

*Answer*

The Combined Policy Committee, established out of an agreement reached by President Roosevelt and Prime Minister Churchill at Quebec, was the control body, but its authority and responsibilities were limited. My understanding is that the body was really not set up on a tripartite basis but was a United Kingdom-United States object with three representatives from the United States (Stimson, Bush and Conant) and three from the British end (Dill, Campbell and Howe). I do not know whether Mr. Howe was nominated by Mr. Churchill or was nominated by our Prime Minister.

In the United States authority and responsibility for the project passed through a series of steps until it reached the Army. At first when the work was on a very limited scale control was in the hands of a scientific committee. Later

as interest increased responsibility passed to O.S.R.D.[33] and then when it became evident there was a reasonable chance of dropping a bomb in this war, and when an extraordinarily large sum of money was involved, the project was put under the administrative control of a specially organized unit called Manhattan District, over which General Groves of the United States Army presided.

In England there were various committees working from 1939 on and it was in 1942 that an agreement was made between the British and Canadian Governments to enter a joint project for the establishment of a joint laboratory under the National Research Council administration in Montreal. The Combined Policy Committee was set up in 1943 to have general supervision over the cooperative aspects that were being worked out. For instance, our decision to build a plant at Chalk River was taken after a Joint Policy Committee was formed and that body approved of the programme as a suitable plant to fit into the American programme. The Joint Policy Committee also laid down the general regulations as to how far information could be shared, and took responsibility for other general aspects in connection with world surveys of sources of uranium. The Combined Policy Committee, however, had no executive or administrative control over any of the work in the United States, Canada, or the United Kingdom. All of the information in the United States was certainly not shared with Canada and the United Kingdom. For instance we were not given any details of design but had to work out for ourselves all plans and detailed design of the Chalk River plant. In the case of individual specialists, where disclosures would be of benefit to the scheme as a whole interchange of information took place on a strictly limited scale.

My view is that the whole matter of tripartite agreements should be examined and a new agreement worked out in which Canada's place would be more definitely stated, and in which the actual authority of the Combined Policy Committee would be more clearly defined.

7. Is it likely that denial

(a) of raw materials now controlled by the U.K., U.S., and Canada

(b) of the "secret" of the manufacture of plutonium; or

(c) of information on the construction of the bomb itself would long prevent its production in other countries?

*Answer*

(a) The question of where and how much raw materials there are in the world, or even what the raw materials of the future will prove to be is not certain but I do not think that the control of the raw materials in Canada, the United Kingdom and the United States would prevent, for any great length of time, developments in other countries.

(b) I think the same answer can be given for both (b) and (c) as everyone is agreed that it is a matter of time. The more theoretical scientists are apt to put

[33]Bureau de la recherche et du développement scientifique.
Office of Scientific Research and Development.

a lower limit of three to five years on it. The more experienced engineer industrialists, who in my opinion know more of the actual difficulties to be overcome, place a minimum of five with a probable ten years as the time that it would take countries like Russia, Germany or Japan to do it if they were working under prewar conditions. It is my opinion that even with the knowledge which the United Kingdom scientific and technical staff have, which is very extensive indeed, they could probably not build a large plant in England and get it into production on a sufficient size to really produce material with which to make bombs in useable quantities, under five to seven years.

8. Is it likely that the limits of destructiveness of the atomic bomb can be greatly increased?

*Answer*

It is certain that the destructiveness of the atomic bomb can be increased but figures of the magnitude of a thousand times are not talked about by those who know most about it. There are two ways in which the increase can take place, first, by increasing the efficiency of the existing materials in the bomb which might double the effectiveness. In connection with the second possibility there is a large question mark, i.e., may fission be possible with other materials? In that field of speculation there is no consensus of opinion. On the other hand there is always available the simple expedient of increased destructiveness by dropping more and more bombs at the same time, i.e. "sticks of bombs."

**628.** DEA/50219-W-40

*Mémorandum du premier secrétaire, le ministère des Affaires extérieures*

*Memorandum by First Secretary, Department of External Affairs*

TOP SECRET [Ottawa,] November 6, 1945

MEMORANDUM ON MR. ATTLEE'S LETTER OF SEPTEMBER 25TH TO PRESIDENT TRUMAN† REGARDING THE FORTHCOMING EXCHANGE OF VIEWS ON THE ATOMIC BOMB

*Introductory*

It is in the interest of Canada and indeed of all the nations that the problems arising out of the development of atomic energy should be dealt with on a boldly imaginative plane and that the question should not be considered merely in terms of accustomed political and strategic conceptions which may prove inadequate to the changed world situation brought about by this discovery.

Canada's particular interest arises, of course, out of our position as a supplier of uranium, our contribution to scientific research in this field, and our geographical situation. The course of the forthcoming discussions in Washington may affect our political relations with the United States and the Soviet Union as well as our position within the British Commonwealth. So far

as the United States is concerned the fact that we control an important source of the essential raw material, combined with our geographical position, must give Canada a new importance from the standpoint of United States interests. While it has always been true that the United States could not look with indifference on any major development of Canadian foreign policy this will be much more the case in the future.

Canada's relations with the rest of the Commonwealth may be greatly affected by the development of atomic energy. At the present time and at any rate for the next year or so the United Kingdom will be entirely dependent for experience in research on the Canadian plant. There is no atomic energy plant in the United Kingdom, and it will take time to build even an experimental plant. It is known that discussion is going on in the United Kingdom as to whether large scale plants should be constructed there, or whether it would be preferable to establish a Commonwealth plant in Canada which could supply material to other parts of the Commonwealth and become a centre for research. If the latter plan were adopted, it might have important long term implications. It would mean that the heart of the war-making power of the British Commonwealth was located in Canada.

The unique position of Canada in relation both to the United States and the United Kingdom will certainly not fail to attract the attention of the Soviet Union and may have important, though unforeseeable, effects on the relations with that country.

Our participation in the forthcoming talks in Washington raises the question of how much effective influence Canada may have on the decisions to be taken at that meeting. From the point of view of exercising any important influence, we are, of course, in a much stronger position in relation to the United Kingdom than to the United States. The United States is not dependent on Canada for the continued production of atomic weapons or for experimentation in this field. They could perfectly well get on without us. They are, however, bound to be closely concerned with any policies which we may adopt, either independently or in association with the rest of the Commonwealth. The United Kingdom, on the other hand, at least, may be expected to give considerable attention to Canadian views on this subject.

Our prinicipal interest in the outcome of the Washington discussions is the avoidance of a situation in which the nations of the world will be conducting a desperate race in the production of new forms of atomic destruction, and, in particular, that the world should not split up into two great blocs of power, one headed by the United States and the other by the Soviet Union, each devoting their energies to keeping pace with the destructive powers accumulated by the other. Such a development would offer particular danger for Canada since, should a final atomic struggle break out between these two power blocs, Canada on account of her geographical situation, her control of a principal source of raw material, and the location in this country of an important plant, might become a target for attack.

### MR. ATTLEE'S LETTER OF SEPTEMBER 25TH, 1945, TO PRESIDENT TRUMAN

The following are the main points of importance in Mr. Attlee's communication:

1. There is a full realization of the revolutionary character of the new discovery. It is obvious that the United Kingdom Government are aware of the necessity for adjusting their thinking to new concepts of policy and strategy. In Mr. Attlee's words, "The emergence of this new weapon has meant, taking account of its potentialities, not a quantitative but a qualitative change in the nature of warfare."

2. Mr. Attlee considers that no bounds can be set to the destructive potentialities of the new weapon and he has "so far heard no suggestion of any possible means of defence."

3. He considers that, "any other country possessing the necessary scientific and industrial resources could also produce atomic bombs within a few years if it decided now to make the effort," and that, therefore, "it would thus appear that the lead which has been gained as a result of the past effort put forth in the United States may only be temporary and that we may not have much time in which to decide what use is to be made of that lead."

4. The main conclusion which the British Prime Minister draws from his analysis of the situation is that, "we have, it seems to me, if we are to rid ourselves of this menace, to make very far reaching changes in the relationship between states."

5. Mr. Attlee gives a clear indication that he is thinking along the lines of control by a revised and strengthened United Nations Organization for he says, "now it seems to us that the building, the framework of which was erected at San Francisco, must be carried much further if it is to be an effective shelter for humanity."

The great importance of Mr. Attlee's letter to President Truman lies in the emphasis which he places on the necessity for a radical transformation of the basis of international relationships in the light of this new discovery.

### PRESIDENT TRUMAN'S VIEWS

We have no parallel knowledge of what is in President Truman's mind. His statements on the subject are contained in his message to Congress of October 3rd on atomic energy, and in his Navy Day address of October 28th.[34]

President Truman's analysis of the dangers inherent in the new discovery and of the urgent necessity of securing international collaboration in dealing with it are similar to Mr. Attlee's. He also seems to contemplate that sooner or later the United Nations Organization will be the appropriate body to work out plans for dealing with this world problem. There is no indication, however, in his message to Congress of any realization of the effects of this development on the relations between states, nor is there any reference to international control

[34]Pour la dernière, voir États-Unis./For the latter, see United States, *Department of State Bulletin*, Volume 13, October 28, 1945, pp. 653-6.

of research and production. The President's speech rather looks to the renunciation of the use of the atomic bomb and to collaboration between nations in the exchange of scientific information. It is impossible to know whether he is merely proceeding with politic discretion in his public pronouncements and whether he is, in fact, more prepared to face the implications of this discovery than his public statements would indicate.

Speculation as to the proposals which the United States Government may put forward at the Washington conversations must, therefore, remain pure speculation. It may, however, be worth while to consider certain proposals which might be advanced.

### AN INTERNATIONAL CONVENTION FOR THE RENUNCIATION OF THE USE AND DEVELOPMENT OF THE ATOMIC BOMB

Something of this sort is foreshadowed in President Truman's message to Congress. An international convention for the renunciation of this weapon would, in all probability, in the present state of world opinion encounter a certain amount of scepticism. The suggestion may seem, at first sight, to have a parallel in the Geneva Protocol prohibiting the use of poisonous gas, but the analogy is not a sound one. It seems very probable that the principal motive which dissuaded belligerents in the last war from the use of this weapon was that each side knew that the other possessed great stocks of poisonous gas and would be in a position to retaliate, but if a nation launched a determined atomic bomb attack upon another it would be with the object of so obliterating the nerve centres of its enemy's life that no question of reprisal would arise, so that this deterrent would not operate. Moreover, wars are not won by the sole use of poisonous gas. It is merely an auxiliary weapon, whereas it is clearly contemplated, at any rate by the British Prime Minister, that future wars may be won by the sole use of the atomic bomb, so that to outlaw the use of atomic bombs would, in fact, be to outlaw war itself. The true parallel with an international convention for the renunciation of the use of the atomic bomb would be the Kellogg-Briand Pact to renounce war.

An international convention of this kind, unless accompanied by adequate measures of international inspection and control, would not lull the suspicions of those who do not yet possess this weapon, but it might have the unfortunate effect of lulling American public opinion into the belief that the question was settled.

### THE EXCHANGE OF SCIENTIFIC INFORMATION

It is possible that a proposal for the renunciation of atomic weapons might be accompanied by arrangements for the exchange of scientific information regarding atomic energy. If all the nations had agreed to renounce the use and development of the atomic bomb, there would be no question of their exchanging information with regard to the development of atomic weapons. The exchange of information would, therefore, presumably be in the general field of research in atomic energy. This would be highly desirable in itself, but unless accompanied by arrangements for international inspection it might

become a mere facade behind which nations, despite their pledged word, could be busily experimenting with the more lethal aspects of atomic energy.

INTERNATIONAL CONTROL

Arrangements of the kind suggested above could be concluded without any interference with the accepted ideas of national sovereignty and without the United States being obliged to share their knowledge of the industrial techniques necessary for the manufacture of the bomb. Unfortunately such arrangements do not go to the heart of the problem. Nor will the United Nations Organization have the powers necessary to deal with the situation. The Security Council, it is true, has general responsibility for the maintenance of world peace and security and the Members have agreed to accept and carry out its decisions "in accordance with the present Charter," but the present Charter does not give the Security Council authority for such far reaching invasions of the domestic jurisdiction of member states as would be implied in any effective international control of experiment and production in this field. Moreover, the United Nations Organization does not embrace all states, and control would have to be world wide.

The Military Staff Committee of the United Nations might, however, be charged with the formulation of plans for the control of atomic research by the United Nations Organization. They should be assisted in their task by expert scientific advisors and they would report to the Security Council. It would then be the duty of the Security Council if they accepted the report of the Military Staff Committee to bring it before the United Nations Assembly with recommendations for the inauguration of those changes in the United Nations Charter which would be necessary for setting up effective control of atomic energy.

It may be that such controls could only be achieved through the establishment of:

a. A system of international inspection of national laboratories and production plants for the purpose of ensuring that no development of atomic power for purely national purposes takes place.

b. The establishment of an international centre for research and perhaps for production also in relation to atomic power created at international expense and staffed by international scientists and experts.

It is enough to state such objectives to appreciate the formidable obstacles which lie in the path of their realization. The most immediate obstacle lies in the fact that the United States will almost certainly be unwilling in the interim period before such a system of control could be set up to share with the Soviet Union the information as to the "know how" of the manufacture of the atomic bomb. If this is to be the attitude of the United States Government we must be prepared for a period of accumulating mutual suspicions which will not be laid to rest by any signatures affixed to a pact of renunciation of the atomic bomb. It remains to be seen whether in this atmosphere of suspicion it will be possible to achieve any progress towards the solution of the problems raised by the discovery of atomic energy, but at least it is to be hoped that the facts of the

situation will be squarely faced at the forthcoming Washington meeting. Even if the United States is only prepared to move slowly it should move in the right direction — that of eventual international control — and it is to be hoped that the discussion will not be obscured by proposals which sidestep the central issue.

[C. S. A. RITCHIE]

**629.** CEW/Vol. 2458

*Mémorandum du deuxième secrétaire, l'ambassade aux États-Unis*
*Memorandum by Second Secretary, Embassy in United States*

[Washington,] November 8, 1945

THE A-BOMB AND THE UNO

Proposals to place the Atomic Bomb under the control of the United Nations Organization seem to boil down to the following suggestions:

(I) Give the secret of the A-Bomb to the Security Council

(II) Place the use of the A-Bomb at the disposal of the Security Council

(III) Give to the Security Council the power to control the production of the A-Bomb

(IV) A combination of I-III; II-III, I,II,III, etc.

These proposals may be examined with a view to determining their practicability:

(I) *Give the secret of the A-Bomb to the Security Council or the Military Staff Committee*

A preliminary question might be raised: Is the "secret" of the A-Bomb of such a nature that it could be turned over to a group of political or military representatives of UNO? This would be the case if the secret consisted of a formula, a set of blueprints, or written comments. But the secret of the Bomb is really a technology that can only be learned by a large number of scientists and technicians making a prolonged stay in the laboratories and the plants which are now processing the Bomb.

Supposing, however, that it could be done, the proposal means in effect that the U.S. would reveal the manufacturing "know-how" of a particularly effective weapon to Russia, China, France, plus six smaller nations, and in time to most of the nations of the world. The hope is that these nations, having obtained the "secret" as members of a peace Organization, would not use the knowledge imparted to them: i.e., manufacture the A-Bomb. In this hypothesis, the U.S. should logically be asked to discontinue the manufacture of atomic weapons.

It is more than doubtful that the U.S. would agree to discontinue the manufacture of the A-Bomb and that Russia and France, once in possession of the A-Bomb "secret" would agree not to manufacture it. Even if they agreed not to, how could we be sure that they were not secretly working on the A-

Bomb? In other words, what guarantee is there that once the A-Bomb "secret" is disclosed, the world will not enter a race of armament unprecedented in history?

A word may be added about the danger of revealing the secret of the A-Bomb to small nations. It is true that in the present state of development of the Bomb it is difficult for a small nation to manufacture it, but in a few years the situation may be entirely changed. If, for instance, some Latin American Government could manufacture such a weapon, it may be feared that it would be used for internal wars as well as for external wars.

(II) *Place the use of the A-Bomb at the disposal of the Security Council*

Some argue that although the "secret" of the A-Bomb should not be shared, its use might be placed at the disposal of the Security Council, acting in accordance with the provisions of the Charter. Thus, the United States, under Article 43 of the Charter, would agree to make available to the Security Council A-Bombs which would be used to remove any threat to the Peace.

Any of the Permanent Members of the Council could of course veto the use of the Atomic Bomb against itself, and therefore the A-Bomb would be used only in armed intervention involving conflicts between small nations. If this is the case, why should it be necessary to use A-Bombs to settle disputes which could just as effectively be settled with the weapons that are currently used? Is it proper, furthermore, that the World Peace Organization use an arm which spreads destruction on so vast a scale and strikes civilians as well as military forces?

(III) *Give the Security Council the power to regulate the production of the A-Bomb*

This presumably could be achieved by establishing a special commission under the Security Council to supervise the inspection of plants. The Security Council could also assume responsiblity in regard to the control of world uranium ores.

It may perhaps be pointed out that international control of the *production* of a weapon has no precedence in international administration and that the UNO would be breaking new ground if such a proposal were adopted.

The main difficulty about international supervision of the production of the A-Bomb is: how can it be successfully carried out without the full cooperation of the Government concerned? It may be recalled, for instance, that during the war, the Soviet Government was very reluctant to make scientific information available to her Allies. It has even been more difficult for Allied scientists and technicians to visit Soviet laboratories and manufacturing plants.

Scientists are skeptical about any form of control based on the production of the raw materials used in the fabrication of the A-Bomb; they point out that it is entirely in the realm of possibilities that very soon atomic energy will be obtained from more abundant material than uranium, such as clay or water.

(IV) *Various Combinations of (I), (II), (III), above*

In practice, proponents of UNO control over the A-Bomb will probably suggest that control be established over the secret and the production of the A-Bomb; over its use and production; over its secret, use and production, etc. Such combinations simply, in my opinion, add up the difficulties outlined above.

It would seem therefore that international control of the A-Bomb by the UNO is impracticable. If it is considered important that the A-Bomb should be internationally controlled, the only alternative left, I think, is to outlaw *the use,* of the Bomb by an agreement between the Five Great Powers and Canada to which other nations would accede in due course. The agreement might provide also for the re-establishment of exchange of information in the field of nuclear physics (as distinct from A-Bomb technology). The engineering "know-how" of the A-Bomb should not, however, be given to any nation not having it at present.

[PAUL TREMBLAY]

**630.** W.L.M.K./Vol. 234

*Accord entre les États-Unis, la Grande-Bretagne et le Canada*[35]

*Agreement between United States, Great Britain and Canada*[35]

Washington, November 16, 1945

1. We desire that there should be full and effective cooperation in the field of atomic energy between the United States, the United Kingdom and Canada.

2. We agree that the Combined Policy Committee and the Combined Development Trust should be continued in a suitable form.

3. We request the Combined Policy Committee to consider and recommend to us appropriate arrangements for this purpose.

HARRY TRUMAN
C. R. ATTLEE
W. L. MACKENZIE KING

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[35]Cet accord fut signé par le Premier ministre après soumission au Cabinet le 17 novembre 1945. Voir le document suivant.
This agreement was signed by the Prime Minister after submission to the Cabinet, November 17, 1945. See following document.

**631.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] November 17, 1945

. . .

ATOMIC ENERGY;
UNITED KINGDOM-UNITED STATES-CANADA CONVERSATIONS

3. THE PRIME MINISTER reported at some length upon discussions in Washington with the U.K. Prime Minister and the President of the United States, submitting for approval a brief agreement already signed by Mr. Attlee and Mr. Truman.

The agreement expressed the desire for full and effective co-operation in the field of atomic energy between the United States, United Kingdom and Canada, agreed that the Combined Policy Committee and the Combined Development Trust be continued in suitable form, and requested the former to consider and recommend appropriate arrangements for this purpose.

(Agreement signed in Washington by the President and the U.K. Prime Minister, Nov. 16, 1945).

4. THE MINISTER OF MUNITIONS AND SUPPLY reviewed the course of Canadian participation in the combined U.K.-U.S.-Canada development of atomic energy during the war.

The matter had first come to the attention of the Canadian government as one of the utmost secrecy in 1942. In August of 1943, Mr. Churchill and Mr. Roosevelt had signed, at Quebec, draft articles of agreement governing collaboration between the United Kingdom and the United States under which the Combined Policy Committee was established. Subsequently, he (Mr. Howe) had been added to the Committee and Canada had played an active role in research and development. In 1944, the Cabinet War Committee had authorized expenditure of up to $4,750,000 for the construction and operation of a plant in Canada.[36] In November of that year, the War Committee had approved procedure to be followed for assignments of patents in accordance with the decisions of the Combined Policy Committee. In December, Orders in Council[1] were passed appropriating funds for the secret plant and authorizing arrangements for the assignments of patents.

Canada was not concerned directly with the Combined Development Trust.

It was felt that Canada should continue work in the field of atomic energy along the lines which had been initiated during wartime.

5. THE PRESIDENT OF THE NATIONAL RESEARCH COUNCIL described the extent and nature of Canadian participation in research and development work during the war. A combined research unit had been in operation in Montreal consisting of Canadian, U.K. and U.S. scientists and a plant had been

[36]Voir le document 595./See Document 595.

constructed and was being operated at Chalk River in accordance with agreements with the other partner governments. Canada had also been an important source of raw materials to the United States.

Total Canadian expenditure to date had been of the order of $15,000,000 on both projects. In peacetime, the cost of an adequate programme of research and development would be approximately $2,500,000 annually. In the opinion of those concerned, Canada should continue these operations in close collaboration with the United Kingdom and the United States.

6. THE CABINET, after discussion, approved the agreement between the United Kingdom, United States and Canada as submitted by the Prime Minister, and agreed that it should be signed by Mr. King, noted the reports of Mr. Howe and Dean MacKenzie, and agreed that arrangements for the development and control of atomic energy within Canada were problems for further consideration.

**632.** DEA/201-Bs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

TOP SECRET [Ottawa,] November 19, 1945

In conversation this morning, Mr. Neville Butler[37] enquired what the views of the Canadian Government were as to the publication or otherwise of the tripartite agreement on cooperation in the development of atomic energy, which, I understand, you signed after discussion in Council on Saturday.[38] His first thought was that the agreement might be published in the ordinary course, with the concurrence of the signatory countries, but his second, and I think sounder thought,[39] was that, in view of the reference in the agreement to the "Combined Development Trust," to which no public reference has hitherto been made, that consideration of the question of publication might, with advantage, be deferred until the governments came to consider closely the terms of reference and composition of the Atomic Energy Commission to be set up under the United Nations. In the meantime, he thought it would be quite appropriate for Mr. Attlee, in the speech he is to make in London, to refer to the existence of understanding for continuing cooperation between the United States, the United Kingdom and Canada in the development of atomic energy.[40]

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[37]Sous-secrétaire d'État adjoint, Foreign Office de Grande-Bretagne.
Assistant Under-Secretary of State, Foreign Office of Great Britain.

[38]Note marginale:/Marginal note:
Yes

[39]Note marginale:/Marginal note:
I agree.

[40]Note marginale:/Marginal note:
I agree also for Canada. W. L. M[ackenzie] K[ing] 24-11-45.

**633.** CEW/Vol. 2458

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

DESPATCH 2714 [Washington,] November 21, 1945

SECRET

Sir,

I have the honour to submit the following brief report on the Prime Minister's recent visit to Washington.

2. The genesis of the recent conversations in Washington between President Truman, Prime Minister Attlee and the Canadian Prime Minister concerning the use of atomic energy for destructive purposes, is to be found in the following words from Mr. Truman's message to Congress on October 3:

"I therefore propose to initiate discussions, first with our associates in this discovery, Great Britain and Canada, and then with other nations, in an effort to effect agreement on the conditions under which cooperation might replace rivalry in the field of atomic power."

3. Subsequently, the President invited Mr. Attlee and Mr. King to meet him in Washington on November 11, and the invitation was accepted.

4. Certain arrangements for the visit and the discussions were made by the Embassy with the White House and the State Department prior to the Prime Minister's arrival.

5. The Prime Minister, accompanied by the Under-Secretary of State for External Affairs, arrived at the Union Station, Washington, on Saturday morning, November 10. He was met by representatives from the White House, State Department, and this Embassy. Shortly afterwards, Prime Minister Attlee arrived in Washington by air, accompanied by Sir John Anderson, Mr. Rowan (his principal Private Secretary), Mr. Neville Butler, of the Foreign Office, and others. Mr. King was joined in Washington by the Minister of Reconstruction, Mr. Howe, by Mr. Hume Wrong and Dr. C. J. Mackenzie.

6. Mr. King proceeded from the station to Blair House, where he resided during his stay in Washington as the guest of the United States Government. Later in the morning, Mr. King, accompanied by the undersigned, met the President, the Secretary of State, Admiral Leahy, Prime Minister Attlee and Lord Halifax in Mr. Truman's study in the White House, where the President announced the arrangements for the ensuing talks and for the Armistice Memorial Service to be held the next day at the Tomb of the Unknown Soldier in Arlington Cemetery. Those who participated in this first meeting were invited to remain for lunch at the White House. This was purely social and no official business was discussed.

7. That same evening, Saturday, November 10, the President entertained the visiting Prime Ministers and their advisers, as well as members and officials of the United States Government at a State dinner, during which he and Mr. Attlee spoke briefly.

8. On November 11, at 11 a.m., wreaths were laid at the Tomb of the Unknown Soldier in Arlington cemetery during an impressive ceremony. As each head of government moved forward to the tomb, the National Anthem of that country was played, and the guard of honour presented arms. Afterwards, Mr. King laid a wreath at the Canadian Cross of Sacrifice and, Mr. Attlee, a wreath on Sir John Dill's grave. The President, Prime Minister Mackenzie King, Secretary of State Byrnes, Admiral Leahy, Sir John Anderson, the United Kingdom and Canadian Ambassadors, and Mr. Rowan then motored to the Navy Yard, where they boarded the *Sequoia*, the yacht of the Secretary of the Navy. The yacht, in damp and misty weather, began its sail down the Potomac about noon, and returned to its mooring about 8:30 p.m. that same evening. Luncheon and dinner were served on board. By request, no record was made during the day of the discussions that took place.

9. Before luncheon, the President and the two Prime Ministers discussed between themselves the problem that had brought them together in Washington, the use of atomic energy for destructive purposes, and found that they were in general agreement on the main principles which should govern national and international action in this matter. After luncheon they were joined by their advisers around the table, and each member of the party was invited to express his views as to how the problem should be dealt with. There was complete agreement on the fundamental and far-reaching nature of the problem, on the necessity of an international approach to its solution, on the importance which the world attached to these discussions, and the desirability of issuing a combined statement embodying the agreement reached, as quickly as possible. During the afternoon, various other questions of international importance, which concerned more particularly the United Kingdom and the United States Governments, were also discussed.

10. The Presidential party left the *Sequoia* with the advantage of a complete and frank exchange of views on the general problem which had brought them together, but without any definite arrangements having been made for further meetings or for the drafting of a statement which could be used as a basis of discussion at such meetings. To rectify this omission, the U.K. delegation produced a paper on Monday, which is attached to this despatch as Annex 1,[1] and which was later circulated to the Canadian group.

11. The Secretary of State entertained the visiting Prime Ministers at a dinner on Monday night, at which both Mr. Attlee and Mr. King replied to toasts proposed in their honour by Mr. Byrnes. After this dinner, Mr. Wrong, Mr. Robertson, and Mr. Pearson, had an opportunity to exchange views with the Under-Secretary of State, Mr. Dean Acheson, on the particular subjects under discussion.

12. The information obtained above from Mr. Acheson was of assistance in the preparation of a Canadian draft of a proposed statement based on an

earlier memorandum by the undersigned (Annex 2) and on views expressed on Sunday by Mr. Truman, Mr. Attlee, and more particularly, by Mr. King. This draft was submitted to Mr. King, Tuesday morning, and is attached to this despatch as Annex 3.

13. Discussions between the two Prime Ministers and President were resumed at the White House on Tuesday afternoon. At this meeting the Secretary of State produced a draft statement (Annex 4)† which he hoped would be acceptable to all. This was given careful consideration, but it was felt to be not entirely suitable as drafted, and that further time was necessary before a text could be finally approved.

14. On Wednesday morning, a Canadian redraft of the Byrnes statement was drawn up (Annex 5).

15. A U.S. second draft (Annex 6)† was discussed at the White House Wednesday afternoon. Mr. King suggested certain changes to this document, two of which were of particular importance. He thought, first, that the reference to the appointment of a Commission under the United Nations should be subordinated to the recommendations of the three signatories as to immediate action. For that purpose, these recommendations should be placed in the statement before the references to the appointment of a Commission. Mr. King also suggested that, at the end of the paragraph: "We are not convinced that the spreading of the specialized information regarding the practical application of atomic energy before it is possible to devise . . . safeguards . . . would contribute to a constructive solution of the problem of the atomic bomb", there should be added the following sentences: "On the contrary, we think it might have the opposite effect. We are, however, prepared to share on a reciprocal basis with other United Nations detailed information concerning the practical industrial application of atomic energy just as soon as effective and forcible safeguards against its use for destructive purposes can be devised." Such a change would make this very important part of the statement positive rather than negative. Both these changes were warmly supported by the President and Prime Minister Attlee. The Canadian Prime Minister also suggested the removal of all words and phrases from the document which implied that, in accepting the agreement, the signatories were acting for their respective governments. As finally approved, the agreement is between heads of governments and not between the governments themselves.

16. The Byrnes draft included the sentence: "It was agreed that, in respect of the carrying out of the plans outlined above, there should be consultation at the earliest possible date with the other permanent members of the Security Council." Mr. Byrnes stated that this sentence was included to meet a point made by Mr. King on Sunday that such consultation take place. Mr. King pointed out, however, that in his reference to consultation on Sunday, he had in mind informing the other permanent members of the Security Council of the proposed statement before it was issued. He did not have in mind subsequent consultation with them before the plans outlined in the statement should be carried into effect. As a result, the above sentence was deleted from the statement.

17. It may be said that the general effect of the changes proposed by Mr. King at this meeting and accepted by the others, was to remove from the Byrnes draft much of the impression that the three conferees were shelving the problem by sending it to a Commission and that they had no fixed ideas about it themselves.

18. At this Wednesday meeting the United Kingdom also produced a redraft (a copy of which I do not possess) of their original statement and designed to take into consideration points from the Byrnes draft and other points which had been raised the previous day. The U.K. draft was not as specific in its recommendations as the Byrnes draft but was more impressive in its emphasis on the fact that the only final solution to the problem was the development of political conditions which would strengthen confidence and cooperation among the nations and make the use of this weapon unnecessary because war would be unnecessary.

19. At this meeting also, the President returned to an idea which he had previously expressed; namely, that there should be a forthright statement that atomic warfare was prohibited and that any nation engaging in it should be outlawed. There was general agreement on the principle of prohibition, but there was agreement also that prohibition alone was worse than useless as it merely gave a feeling of false security without doing anything to make that security effective. It was therefore agreed that the question of "outlawing atomic warfare" should be left as it was in the Byrnes draft, as one of a number of steps to be taken.

20. It will be noticed that in the draft, "atomic weapons" are to be eliminated only from national armaments. There was some discussion whether specific reference should be made to the possiblity of turning such weapons over to the United Nations, to be used only on orders from the Security Council and against an aggressor. President Truman did not favour this course as he thought it was undesirable to recognize the use in any way of such a weapon. Furthermore, as Mr. King had already pointed out, a provision of this kind would remain futile as long as any one member of the Security Council possessed a veto over its use.

21. There was, however, a general understanding that, in referring the problem to a Commission of the United Nations, the world organization was being given a very severe test at the very outset of its existence and that the three powers were now obligated more than ever to strengthen and develop the United Nations organization so that it could successfully meet this and other tests.

22. At this Wednesday meeting, Dr. Vannevar Bush, who had joined the discussions as a United States adviser, suggested also that a sentence be included in the statement to the effect that the Commission should work by stages, each stage being successfully completed before the next one was attempted. It was agreed that reference to this idea should be included.

23. In view of the fact that the two drafts were already before the meeting, and that Mr. King had succeeded in having alterations made to the U.S. draft to meet the Canadian point of view, the Canadian draft was not produced.

24. At the close of the Wednesday afternoon meeting President Truman suggested that a small drafting committee of Dr. Bush, Sir John Anderson, and the undersigned, should be appointed to produce a new draft which would combine those parts of the United States and United Kingdom drafts on which there had been general agreement, and other ideas which had been put forward and found acceptable. This drafting committee met at 5:30 at the White House and again at 9 p.m. that evening. At 10 p.m. the President and the Prime Ministers met again at the White House to consider the draft so hurriedly produced by the drafting committee (Annex 7).[†] This was gone over sentence by sentence and a final text was agreed to by midnight. A clean copy was ready for signature by 11 a.m. Thursday morning. The formal agreement (Annex 8)[41] was signed by the President and the two Prime Ministers at that time, and immediately afterwards was read to the White House correspondents, who were invited to the President's office for this purpose.

25. The Prime Minister paid a farewell visit to the President at the White House, Thursday afternoon, and left that day by the 4:10 p.m. train for Ottawa, accompanied by Prime Minister Attlee.

26. There are one or two observations that might be made on the procedure adopted for conducting these discussions and drafting the resulting agreement. The discussions, until Wednesday afternoon, were carried out without any record being made or any drafting committee set up to submit texts, for consideration by the principals. If a drafting committee (representing the three governments concerned) had been appointed after the discussions on Sunday, it would have been able to submit a document on Monday or Tuesday which could have been used as the agreed basis of discussion. Instead, separate drafts were produced by the United States and the United Kingdom, which somewhat complicated matters. In the end, a drafting committee was appointed, but not until Wednesday afternoon. This meant that it had to work very quickly, as the President had indicated that the statement should be made public the following day.

27. Consideration of speed seemed to weigh heavily in the minds of Mr. Truman and Mr. Byrnes. In a sense it was unfortunate that more time could not have been devoted to the discussions or the drafting of the resulting document. One of the reasons for expedition, put forward by the President, was the desirability of putting an end to press speculation and comment, unauthorized, and sometimes mischievous. There was no doubt in this connection that the President had in mind the activities of the United Kingdom press officer, Mr. Francis Williams, who, on Sunday and Monday had held press conferences where he apparently gave in some detail the United Kingdom view on these matters. This, in turn, resulted in considerable publicity in the

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[41] Canada, *Recueil des traités*, 1945, N° 13.
Canada, *Treaty Series*, 1945, No. 13.

Monday and Tuesday papers being given to what was called the "Attlee Plan". It must be admitted that the press policy adopted by the United Kingdom delegation at this conference was unhelpful. In contrast to this policy, no information whatever concerning the discussions was given out by the White House, the State Department, or the Canadian delegation.

28. It was noticeable that the Secretary of State was not accompanied by any advisers from his Department at any of the meetings that took place. This meant that, on the United States side, there was no one who was in a position to make a record of the progress of the discussions or report on the points on which agreement had been reached. In the earlier discussions, Mr. Truman and Mr. Byrnes were alone. It was only on Tuesday afternoon that Dr. Bush, a scientific expert, was asked to attend. It was rumoured that the War Department was annoyed at its exclusion from the talks and there is reason to believe also that the State Department would have welcomed the opportunity of sending an adviser to the meetings with the Secretary.

29. At the signature on Thursday morning, at which congressional leaders were present, Senator Connally expressed openly and in no uncertain terms his irritation at the fact that Administration leaders in the Senate had not been given any information about the progress of the discussions until, as he put it "5 minutes before the press were called in." Possibly, if the President and Secretary of State had been in a position to devote more time to the questions under discussion, and had not been under such pressure from other directions during the four days of the visit, there would have been greater opportunity for consultation with their scientific and political advisers and time for more careful drafting of the final document.

I have etc.

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

DEA/50219-W-40

*Mémorandum de l'ambassadeur aux États-Unis*
*Memorandum by Ambassador in United States*

TOP SECRET November 8, 1945

ANNEX II

CANADIAN MEMORANDUM ON ATOMIC WARFARE

Before any sound policy, national or international, can be laid down in respect of the development, manufacture and use of atomic energy for warlike purposes, the following assumptions must be confirmed.

(1) That the atomic bomb is not merely a new weapon in a long succession of weapons, since man first began to fight with clubs, but something revolutionary and unprecedented; a new departure in destruction and annihilative in effect.

(2) That the atomic bomb dropped on Japan, if development is not controlled, is only the beginning, not the end, of the use of atomic energy for destruction; that even more devastating bombs are being or could be developed which will be to the present bomb as a machine gun is to a breech-loader.

(3) That the secret of the atomic bomb cannot be kept and that within, say, five years a country like the U.S.S.R., will know all about it.

(4) That the manufacture of the atomic bomb is possible in any industrial state which knows the secret.

(5) That projection by rockets with accuracy over great distances is now or will shortly be possible.

It is assumed that the above statements are substantially true. If this assumption is correct, then no government has the right to give its people a feeling of security, which can only be false, by basing its policy on the opposite assumption, that a national or three-country monopoly of development and production is possible. Even if, for some years at least, such a monopoly *were* possible, its value to enforce peace would not be great because other countries would know perfectly well that Anglo-Saxon public opinion would not permit the preventive use of such a terrible weapon.

It might conceivably be technically possible for the government of a parliamentary democracy to destroy a menacing power by pressing a button the moment the menace became clear (though buttons presumably could be pressed a few seconds later in the other country as well). Politically, however, this would not be possible, at least in the U.S.A. As an American commentator has put it: "It would obviously be unconstitutional for a President of the U.S.A. to 'press the button' for destruction of an ostensibly friendly power without securing a prior declaration of war from Congress — the mere mention of which would cause the potential enemy to press his own button first."

It is clear that unless there is agreement between nations regarding atomic bombs, there will be competition. Such competition in the development of atomic energy for destructive purposes would be the most bitter and disastrous armament race ever run. Like every other armament race in history, it would follow the same course, of fear, suspicion, rivalry, desperation and war; only in this case the war would probably mean international suicide.

It follows, therefore, that any constructive solution of this problem of the war use of atomic energy, must be international — not national. There is, in fact, no national solution.

This does *not* mean that the three countries concerned should make a gift of their atomic knowledge to other countries without conditions. That would be folly. It means that they should exploit the temporary advantage they now possess in order to bring this weapon under international control, so that it can never be used by anyone. This can be attempted by trading the knowledge of invention and manufacture they alone possess at present, for renunciation by all nations of the right of production or use, except, possibly, on orders from the United Nations. This in its turn means international supervision and control of the development and use of atomic energy. If an honest offer of this

kind, made by the United States, United Kingdom, and Canada, were refused by any other state, that refusal would certainly disclose which nations were to be trusted and which feared.

This type of international solution seems implicit in the following paragraphs from President Truman's Message to Congress on October 3rd:

".....Scientific opinion appears to be practically unanimous that the essential theoretical knowledge upon which the discovery is based is already widely known. There is also substantial agreement that foreign research can come abreast of our present theoretical knowledge in time.

The hope of civilization lies in international arrangements looking, if possible, to the renunciation of the use and development of the atomic bomb, and directing and encouraging the use of atomic energy and all future scientific information toward peaceful and humanitarian ends. The difficulties in working out such arrangements are great. The alternative to overcoming these difficulties, however, may be a desperate armament race which might well end in disaster."

To get down to details, the following principles might be embodied in an international agreement proposed by the three governments to all other governments:

(1) Prohibition of the manufacture or the use of atomic weapons, except on instructions from the United Nations. The "outlawing of atomic warfare" alone, would be the worst of all possible solutions. It would lull into a false and dangerous security, without in fact making any contribution to that security. As one of a number of steps, however, it is important.

(2) The destruction of all existing atomic weapons or their transfer to the United Nations, as trustee.

(3) The pooling of all the basic scientific knowledge of atomic energy so that the secret development of new atomic weapons would be impossible.

(4) To reinforce this prevention of secret developments, and hence to remove fears and suspicions, the establishment under U.N.O. of an international commission of scientists of world reputation with full authority to make periodic investigations of all national laboratories, industries, raw materials and every form of technical development in the field of nuclear physics and atomic energy.

Without such regular scientific inspection, effective control would be impossible. With it, secrecy would be equally impossible. Further, no country could justify its refusal to accept this kind of international, scientific supervision.

(5) Annual reports by this scientific commission to the General Assembly of the United Nations.

It would, of course, be understood that, until an agreement such as that suggested above, came into force, no country would be under any special and separate obligation regarding atomic warfare.

In default of a genuine and sincere effort to find an international solution of this kind, it is unlikely that the world will be reassured by President Truman's statement on October 27th: "We regard it (the atomic bomb) [*sic*] as a sacred trust. Because of our love of peace, thoughtful people know that the trust will not be violated." "Thoughtful people" are not likely to include Soviet officials in the Kremlin! This "sacred trust" approach to the problem, as a substitute for international agreement, is, in fact, negative and unsatisfactory. There can be no lasting world security on that basis. The U.S.A. simply cannot remove fears concerning atomic warfare, or prevent the inevitable and fatal competition that would follow, merely by sitting on the bomb as a self-appointed "sacred trustee". There must be a better solution than that.

It has been said that the discovery of atomic weapons is the most revolutionary event in human history since Noah launched the Ark. In sober fact, its significance for the future can hardly be exaggerated. It presents us with the greatest threat to man's existence ever conceived, and, paradoxically, the greatest opportunity to realize world peace. Weapons so horrible in effect, possessed by many nations and under national control only, might, of course, produce peace; in the sense that life might be made impossible on this planet. There is another and better kind of peace, however, which the grim prospect of atomic warfare might help to produce; that which comes from sanity and co-operation in international relations, influenced by the prospect of what will happen, if the peace is disturbed. I do not know whether that kind of peace can be achieved. But with the atomic bomb suspended over our heads, it would be madness not to attempt it.

The atomic bomb, finally, may force the United Nations to become an effective association for peace. This, however, can only happen if the problem it has posed is approached and solved internationally. No other solution is, in fact, possible and the effort to find one will be fruitless — and worse.

If there was ever an occasion for seeking a solution to any international problem on the broadest possible international basis — this is it.

If the thesis of my memorandum is correct, that the only possible solution for the problem of atomic warfare is an international one, then concrete steps should be taken at the forthcoming meeting to bring about such a solution. To that end, could there not be a statement by the President and the two Prime Ministers of principles on which an international agreement might be based and an announcement made that such a draft agreement would be submitted shortly to all governments for subsequent discussion at the Assembly of the United Nations?

A pronouncement of this kind would be of such exceptional interest and importance that it should, of course, be made in as impressive a form as possible. If the world air channels can be cleared for less important statements, surely they could be cleared for this. My idea would be that every radio station in the three countries concerned should be freed for half an hour or so from all programs and that a preliminary communique should be issued which would make it possible for radio stations in other countries to take the same action if they desire.

The following program might then be broadcast:

(1) Short statements by Prime Minister Attlee and Prime Minister King.

(2) A ten- or fifteen-minute statement by a scientist of world reputation concerned with the development of the atomic bomb, like Oppenheimer or Bush, which would be given in the most dramatic and impressive fashion possible, and would drive home to listeners the implications for human existence of atomic warfare.

(3) A ten-minute statement by President Truman outlining the principles of an international agreement which the three governments propose to submit to their legislatures and to all other governments and designed to bring this new weapon under international control and supervision.

ANNEX III

CANADIAN DRAFT STATEMENT

President Truman and Prime Ministers Attlee and Mackenzie King have issued the following statement.

In our examination of the problems arising from the development of atomic energy, our conviction has deepened that any approach to this subject must be controlled by the following considerations.

(1) The release of atomic energy has undermined existing concepts of national security and international organization, because it has provided a force which, misused, could annihilate whole nations.

(2) There is no national solution to the problems of security which the release of atomic energy has now placed squarely before the world.

(3) There can be no enduring international solution, unless nations succeed in working together for peace within the framework of an effective United Nations Organization. Atomic energy cannot be safely used in a world of competing sovereign states.

(4) The fear of atomic bombs is basically fear of an international situation in which the possibility of their use as an instrument of national policy cannot be excluded. No nation can hope to be freed from this fear by the possession of a temporary advantage in atomic development. An armament competition in atomic energy would be the most catastrophic arms race ever run.

The only hope for a lasting solution to the problem is the creation of conditions which make the use of this weapon unthinkable. To further such a solution has now become an urgent and practical necessity. Action toward this end must be taken at once by the United Nations.

The Members of the United Nations Organization are pledged by acceptance of its Charter "to live together in peace with one another as good neighbours and to unite their strength to maintain international peace and security." The control of the use and development of atomic energy is the first great test of this pledge.

If, in consideration of this matter by the United Nations, it becomes clear that a strengthening of the Organization is necessary, that strengthening

should be undertaken promptly. The United Nations cannot be static in the face of these dangers.

We accept and recommend for prompt consideration by The United Nations the following principles as bases for an international agreement:

(1) The prohibition of the use of atomic energy for destructive purposes and the outlawing of any government which breaks this pledge.

(2) The exchange of fundamental scientific information on the development of atomic energy.

(3) The right of technically qualified personnel, under the auspices of the United Nations Organization, to examine all national installations engaged in the field of nuclear physics and atomic energy, as well as to make investigations of sources of raw material, in order to give every possible security against the secret evasion of undertakings openly given.

(4) The sharing of information relating to the technique of the production and operation of plants and equipment for the development and use of atomic energy as soon as international arrangements concluded for the exercise of the rights under (2) and (3) above, are in effective operation.

(5) Extension to the United Nations Organization, in due course, of the right to make equitable allocations, according to the principles of Art. of the Atlantic Charter,[42] of material for the production of atomic energy for constructive purposes, if a world survey of the sources of such material indicates that such allocations are necessary.

(6) Annual reports on national developments in this field to be made to The United Nations by Member States and by any agency of examination or allocation which may be set up under (3) and (5) above.

We desire, in conclusion, to associate ourselves with the following excerpt from a recent Presidential Message to Congress on this subject:

"The hope of civilization lies in international arrangements looking, if possible, to the renunciation of the use and development of the atomic bomb, and directing and encouraging the use of atomic energy and all future scientific information toward peaceful and humanitarian ends. The difficulties in working out such arrangements are great. The alternative to overcoming these difficulties, however, may be a desperate armament race which might well end in disaster."

ANNEX V

TOP SECRET November 13, 1945 [*sic*]

SECOND CANADIAN DRAFT BASED ON U.S. DRAFT

1. The President of the United States, the Prime Minister of Great Britain, and the Prime Minister of Canada have discussed the possibility of international action:

(a) To prevent the use of atomic energy for destructive purposes; and

[42]Voir le volume 7, document 327./See Volume 7, Document 327.

(b) To promote the use of recent and future advances in scientific knowledge, particularly the advances in our knowledge of atomic energy, for peaceful and humanitarian ends.

The primary objective of the discussions has been to take the first step in the prevention of a secret arms race, in atomic weapons or other major weapons which in our view are scarcely less terrible. This is an essential preliminary to the removal of the burden of armaments from the world and the final banishment of the fear of war.

2. As a contribution to this end, we propose, and accept for ourselves, the following bases for international policy:

(1) The prohibition of the use of atomic energy for destructive purposes and the outlawing of any government which breaks this pledge.

(2) The exchange of fundamental scientific information for peaceful ends and on the basis of mutuality, effectively guaranteed and safeguarded.

(3) The interchange of scientists, students and publications for peaceful ends with any nation which will fully reciprocate.

(4) The exchange of detailed information regarding the practical industrial application of atomic energy whenever it is possible to devise effective, reciprocal and enforceable safeguards acceptable to all nations in order to protect complying states against the hazards of violations and evasions.

(5) The immediate preparation by the United Nations, through a Commission, of recommendations and draft convention for the purpose of implementing the principles outlined above, and for submission to Members of the United Nations, and possibly to other states. The Commission should consider open-mindedly and on their merits, all proposals to eliminate the manufacture and use of atomic and other major weapons, having in mind that the military exploitation of atomic energy depends in large part upon the same methods and processes as would be required for industrial use. The Commission should proceed with the utmost dispatch to submit recommendations and draft conventions dealing with the separate phases of its work.

We desire to emphasize that responsibility for the devising of safeguards to remove the threats to the very fabric of civilized life which are involved in the use of new scientific discoveries for destructive purposes, rests not upon three countries alone, but upon the whole civilized world.

Although efforts to formulate and apply special measures to protect the civilized world from annihilation by the use of atomic bombs or other major weapons must not be relaxed, we are aware that the only complete protection of the civilized world from the destructive use of scientific knowledge lies in the prevention of war.

We, therefore, declare the unswerving intention of our three countries to co-operate with all the United Nations to maintain the rule of law among nations and to banish the scourge of war from this earth.

**634.** DEA/201-Bs

*Le haut commissaire de Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*High Commissioner of Great Britain to Secretary of State for External Affairs*

TOP SECRET AND PERSONAL [Ottawa,] November 28, 1945

My dear Prime Minister,

I have received urgent instructions to inform you that the Government of the United Kingdom have under consideration the question of the procedure for bringing before the United Nations Organization the proposals made in the statement on atomic energy which was signed at Washington on the 15th November by yourself, the President of the United States and the Prime Minister of the United Kingdom.

The statement refers to the proposed special commission being set up "under the United Nations Organization to prepare recommendations for submission to the organization." The terms of reference under the heads in paragraph 7 cover matters which under the Charter would fall within the scope of the General Assembly, the Security Council, and also possibly the Social and Economic Council.

It has been noted from press reports that President Truman is reported to have said at his press conference on the 20th November that the General Assembly would be asked at its first meeting to set up the commission, that the General Assembly, not the Security Council alone, should take part in establishing the commission, and that he was in favour of all countries sharing in the task of establishing the commission. There has been much speculation in the United Kingdom about the exact procedure to be adopted and it formed the subject of various questions to the Secretary of State for Foreign Affairs in the recent Foreign Affairs debate in the House of Commons. Mr. Eden in particular suggested the need for a special meeting of the United Nations. To this Mr. Bevin replied by pointing out that the General Assembly would be meeting early in January, that there was therefore no purpose in a special meeting, (which would not in fact be technically possible) and that the Assembly would have, as its first task, the elections to establish the Security Council. He added that the tripartite proposals would no doubt then be considered and early decisions taken as to how the commission should be set up.

. . .

First and most urgent, because it is almost bound to come up in the Preparatory Commission, is the question of procedure for bringing the proposal for the Special Commission before the General Assembly. This could apparently be done either by: —

(a) a resolution of the Preparatory Commission placing the matter upon the provisional agenda for the General Assembly;

(b) action by one or more of the United Nations proposing an additional item for the General Assembly's agenda at some time between the closing of the Preparatory Commission and the beginning of the prescribed period before the General Assembly meets; or

(c) by raising the matter in the General Assembly after it has met and adding it on to the agenda.

The question also arises under each alternative which powers should propose placing the item on the Assembly's agenda.

On the whole the Government of the United Kingdom prefer alternative (b) as the simplest and most natural procedure which they think could be justified. In their view it is desirable to discourage the Preparatory Commission from embarking on a detailed discussion about the proposed commission in relation to the atomic problem. However, it might be impossible, in view of the widespread interest in the proposed commission and the general sense of urgency, to delay the next move until after the Preparatory Commission is over. Moreover it is very likely that some delegation will raise the question directly in the Preparatory Commission. In either of these contingencies, recourse might be had to alternative (a).

In the view of the United Kingdom Government it would be natural that the initiative under either course (a) or course (b) should be a joint one by the three Powers which issued the Washington statement. It is, however, argued in certain quarters that the Soviet Government in particular ought to be associated with sponsoring the tripartite proposals before the United Nations Organization. Obviously the Powers in question want above all to get the co-operation of the Soviet Government and any procedure which secured this would be the best. But for their part the Government of the United Kingdom are very doubtful on past experience whether the Soviet Government would associate themselves in sponsoring a statement about which they were not consulted, particularly as the proposal would be to place the matter on the agenda of the General Assembly.

Then there are the questions of the formation and composition of the eventual commission itself. Under the President's reported remarks at his press conference, the commission would be initially appointed by the General Assembly. This leads up to the difficulty, which is sure to be raised by the Soviet Government and which will have to be considered, about the precise working of the commission and the particular organ of the United Nations to which it will report. A solution might be that the commission would make its recommendations to the Assembly so long as it was dealing with the first two stages of its work as defined in paragraph 8 of the tripartite statement, but that at the stage when it came to deal with the control and supervision of atomic energy to prevent its misuse as a weapon of war it would report to the Security Council in accordance with Article 24 of the Charter. It seems from his public remarks that President Truman may have some such dual allegiance in mind and that if this were made plain such an arrangement might not be unacceptable to the Soviet Government.

The composition of the special commission would, no doubt, be influenced by discussion in the Assembly, but the United Kingdom Government would naturally like to reach an understanding beforehand with the Canadian and United States Governments. Mr. Bevin was also pressed in the recent debate about this aspect of the matter. Here again your views would be greatly welcomed.

Lord Halifax at Washington has been instructed to discuss these urgent matters with the United States Secretary of State, Mr. Byrnes, in the light of the explanation which I have given to you. He is also to inform Mr. Byrnes (with reference to the last paragraph but two above) that the United Kingdom Government would very much like to know the attitude of the United States Government on the point affecting Russia and in particular he is to enquire whether they have had any reaction from the Soviet Government to the advance notice given them by the United States authorities of the tripartite statement. Mr. Byrnes is also being invited to consider sounding the Soviet Government through the United States Ambassador at Moscow. (It is doubted in London whether any progress on the point could be made with the Soviet delegation at the Preparatory Commission.)

I should be very grateful if you would let me know the Canadian Government's views as soon as possible on the various matters which I have been instructed to raise with you in order that I may send a very early reply.

Yours sincerely,

MALCOLM MACDONALD

**635.** W.L.M.K./Vol. 234

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

TOP SECRET [Ottawa,] November 28, 1945

UNITED KINGDOM SUGGESTIONS CONCERNING ATOMIC ENERGY COMMISSION

Mr. Malcolm MacDonald's letter raises two separate questions (1) How should the proposal of the three powers to establish the Commission be brought before the United Nations? (2) What should be the composition of the Commission and to what body should it report?

With regard to (1), the procedure to be followed seems to be relatively unimportant. The U.S., U.K. and Canada should be associated in action to place the matter on the agenda whether this is done at the Preparatory Commission or between the conclusion of the Preparatory Commission and the opening of the Assembly or early in the session of the Assembly. We can readily fall in with any course acceptable to the U.S. and U.K. It is agreed between them that the Assembly should establish the Commission and that

course should be accepted by Canada.[43] Indeed, a good deal of the work outlined for the Commission in the Washington statement seems to fall outside the scope of the Security Council's powers.

A subsidiary question raised is whether there should be an attempt to associate the U.S.S.R. On this I would suggest that the parties to the Washington Declaration should reach an agreement on procedure and should jointly notify the Soviet Government before taking action involving publicity.[44] It is open to question whether they should notify as well the French and Chinese Governments. I think that Canada should not take any initiative in proposing such an approach.

The second question is the difficult one. How should the commission be composed? In addition to the three parties to the Washington Declaration it is clear that at any rate the U.S.S.R. and France should be invited to appoint members. It will probably be necessary to add China, one Latin-American country and at least one smaller European country. The Soviet Government will undoubtedly seek to have included a satellite state to prevent their being placed in the minority of one.

The U.K. proposals seem to contemplate that the terms of reference to the Commission should be those in the Washington statement. This appears to be satisfactory to us. They raise the question of the body to which the Commission should report. The work outlined for the Commission in the Washington statement includes some matters which appear to fall outside the scope of the Security Council's functions, such as exchange of scientific information for peaceful ends and control of atomic energy to ensure its use for peaceful purposes. These would appear properly to be functions entrusted to the Assembly. The Assembly also has power under Article 11 to consider the principles governing disarmament and the regulation of armaments whereas the Security Council by Article 26 is responsible for formulating plans for the regulation of armaments. There is thus an area of concurrent jurisdiction in which elimination of atomic weapons and the nature of the required safeguards come within the scope of both bodies. The Security Council could only claim exclusive jurisdiction if it were able to argue under the provisions of Articles 12 and 34 that the development of atomic weapons constituted a "situation which might lead to international friction or give rise to a dispute." If so, the Assembly would be debarred from making recommendations but would not be debarred from discussing the matter.

It seems to me that we cannot at this stage settle definitely to what body the Atomic Energy Commission should address its reports. It may bring forward proposals requiring Assembly action as part of plans which also would require action by the Security Council. Through which organ any such proposals should be implemented will doubtless be a subject of discussion in the Commission itself and it seems desirable that the three sponsoring governments

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[43]Note marginale:/Marginal note:
Approved.

[44]Note marginale:/Marginal note:
I agree.

should propose that the reports of the Commission be addressed both to the Security Council and to the General Assembly.[45]

**636.** DEA/201-Bs

*Le secrétaire d'État aux Affaires extérieures au haut commissaire de Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner of Great Britain*

TOP SECRET AND PERSONAL Ottawa, November 29, 1945

My dear High Commissioner,

I have received your letter of November 28th informing me of the tentative views of the Government of the United Kingdom on the procedure for bringing before the United Nations Organisation the proposals made in the statement on atomic energy signed in Washington on November 15th by the President of the United States, the Prime Minister of the United Kingdom and myself. I appreciate the need for reaching an early agreement between the parties to the Washington Declaration and I welcome the opportunity of commenting on the suggestions made by the United Kingdom Government before a final decision is taken.

With regard to the method whereby the proposal for the establishment of a special Commission should be brought before the United Nations Organization, I am in full agreement with the view that the matter should be considered by the General Assembly. The exact means whereby it is placed on the agenda of the General Assembly is relatively unimportant. I think that it would be appropriate for the parties to the Washington discussions jointly to propose its inclusion in the agenda, preferably after the Preparatory Commission has closed its session and before the date for the opening of the General Assembly. If, however, the matter is raided in the Preparatory Commission joint action could be taken by the delegations of the United States, the United Kingdom and Canada to sponsor a resolution adding the question to the provisional agenda for the General Assembly. My views are thus in accordance with the preference expressed by the Government of the United Kingdom.

The suggestion that the Government of the U.S.S.R. might be approached with a view to securing their sponsorship for the tripartite proposals seems unlikely to bring any fruitful results. As you point out, past experience indicates that the Soviet Government would be unlikely to associate themselves in sponsoring a statement about which they were not consulted and might also complicate the whole procedure by insisting at this stage that the subject was one which should properly be considered by the Security Council. I think, therefore, that the three governments directly concerned should reach agreement between themselves on the course to be followed. They might then

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[45]Note marginale:/Marginal note:
I agree.

inform the Soviet Government, privately in advance, of the action which they propose to take without inviting comment from the Soviet Government. If this is done, it would be well to consider whether similar notification should be addressed to the Governments of France and China.

The desirable composition of the special Commission is difficult to determine. Perhaps the easiest course to pursue would be to suggest that it should be composed of representatives of the Governments serving on the first Security Council. It is, however, essential that Canada as one of the sponsors for the establishment of the Commission should be assured of representation on it, whether or not Canada is elected to one of the non-permanent seats on the Security Council. The Commission is likely to continue in existence for a considerable period and it would not be desirable that its membership should change automatically as a result of new elections to the Security Council. There might be included in it, initially at any rate, representatives of the five states with permanent membership, together with representatives of Canada, at least one Latin-American country and at least one smaller European country. A wide degree of overlapping with the membership of the Security Council would be some assurance against conflicts over questions of jurisdiction within the United Nations Organization.

As you indicate in the second paragraph of your letter the terms of reference set forth in paragraph 7 of the Washington Declaration cover matters falling within the scope of both the General Assembly and the Security Council. It might be that some of the proposals made by the Commission would require consideration by the Economic and Social Council and the collaboration of some of the specialised agencies to be brought into relationship with the United Nations, such as The Educational, Scientific and Cultural Organization. The most satisfactory course may prove to be the submission of reports by the Commission to either or both of the General Assembly and the Security Council. Matters falling directly within the competence of the Security Council under Articles 24 and 26 of the Charter could be the subject of recommendations from the Commission to the Security Council alone if necessary. Quite apart from the specific allocation of functions included in the Chapter (whereby some of the recommendations of the Commission would properly be for consideration by the Assembly), it is most unlikely that agreement could be secured among the members of the United Nations for concentrating wholly in the Security Council responsibility for dealing with the problems raised by the development of atomic fission.

It will be necessary to decide in advance on a suitable designation for the proposed special Commission. Under the Washington Declaration the functions of the Commission would not be limited to questions of the use or misuse of atomic energy. They would include the bringing forward of proposals for the elimination from national armaments "of all other major weapons adaptable to mass destruction" and also for the exchange between all nations of "basic scientific information for peaceful ends." While the Commission might be generally known by the short title of the United Nations Atomic

Energy Commission, the designation given to it in the resolution to be placed before the General Assembly should clearly indicate its broader functions.

I am asking the Canadian Ambassador in Washington to inform the Secretary of State of the United States of the views put forward in this letter and to exchange information on these matters with Lord Halifax.

Yours sincerely,
W. L. MACKENZIE KING

**637.** DEA/201-Bs

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-4074 Ottawa, November 30, 1945

TOP SECRET. IMPORTANT. My two immediately following messages[1] contain the text of top secret and personal letters exchanged between the United Kingdom High Commissioner and myself concerning the procedure for bringing before the United Nations Organization the proposals contained in the tripartite declaration on atomic energy which was signed in Washington November 15th. You will note that Lord Halifax was instructed to approach Mr. Byrnes with the suggestions contained in Mr. MacDonald's letter of November 28th and that in my reply of November 29th I have told Mr. MacDonald that you would inform the Secretary of State of the United States of the views put forward in my letter and would exchange information on these matters with Lord Halifax.

2. It will be necessary to instruct as soon as possible the chairman of the Canadian delegation to the Preparatory Commission on the attitude which he should adopt if the question of the special United Nations Commission on Atomic Questions is raised in the Commission. He is being informed today that discussions are proceeding urgently between the parties to the Washington Declaration and that until they have resulted in agreement he should seek to defer consideration of any proposal which may be brought up in the Preparatory Commission. I should be glad if you would take the matter up urgently with the Secretary of State and the United Kingdom Ambassador.

**638.** DEA/201-Bs

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States to Secretary of State for External Affairs*

TELETYPE WA-6029 Washington, November 30, 1945

IMMEDIATE. TOP SECRET. Your EX-4074, 4075[1] and 4076.[1]

I am leaving an aide-mémoire[1] at the State Department this afternoon, passing on to Mr. Byrnes the views expressed in your letter to the United Kingdom High Commissioner as given in EX-4076.

Lord Halifax has sent me today, a copy of an aide-mémoire[46] which he left with Mr. Byrnes yesterday afternoon covering the points which Mr. Malcolm MacDonald brought to your attention in his letter of November 28th. Last night the United Kingdom Ambassador telegraphed to the Foreign Office that Mr. Byrnes had told him that he, Mr. Byrnes, was clearly of the opinion that the United Kingdom and United States and Canadian Governments ought to get together in regard to laying the proposal before the UNO Assembly, and his thought moved very much with Mr. Bevin's as to the best way of doing this. Mr. Byrnes also very much wants to bring in Russia if this can be managed. He had expected to make a suggestion to you and to Mr. Bevin that he, Mr. Byrnes, should work out with the United Kingdom Ambassador and myself here, subject to approval of our Governments, the various questions of procedure and handling of the matter as he thought this might be the most expeditious way of doing it. The Secretary of State promised to study the United Kingdom note with which he expected to find himself in very general agreement.

**639.** DEA/201-s

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-4099 Ottawa, December 3, 1945

MOST IMMEDIATE. TOP SECRET. Your WA-5966 of November 27th.[1] My immediately following message contains text of letter addressed to you by Mr. Howe requesting you to represent him at the meeting of the Combined Policy Committee on December 4th and suggesting certain amendments in a document addressed to the chairman of that Committee by Sir John Anderson and General Groves. This text of this document is annexed to Mr. Howe's letter to you.

2. It seems likely that the principal discussion at the Combined Policy Committee will relate to the proposals contained in this document. You should press for the amendments suggested by Mr. Howe, which have been discussed also with the Prime Minister and Dean Mackenzie, subject to the following additional amendment.

3. We feel that the reference in paragraph 4 of the Anderson-Grove document and in paragraphs 4 and 4 (a) of Mr. Howe's revision to the use of uranium and thorium for military purposes should be eliminated. The first part

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[46]Voir États-Unis./See United States,
*Foreign Relations of the United States*, 1945, Volume II, pp. 77-8.

of paragraph 4 should read, "All materials at the disposition of the Trust shall be allocated to the two Governments in such quantities as may be needed in the common interest," thus leaving out the phrase "for scientific research, military and humanitarian purposes." This change does not in any way weaken the effect of the proposal.

**640.** DEA/201s

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-4100 Ottawa, December 3, 1945

MOST IMMEDIATE. TOP SECRET. Reference my immediately preceding message. Following is the text of Mr. Howe's letter to you dated November 30th and of the memorandum annexed thereto: Begins,

November 30, 1945.

My dear Ambassador,

During the tripartite meeting on atomic energy in Washington, Sir John Anderson and General Groves signed a document entitled "Memorandum to: The Chairman of the Combined Policy Committee" copy of which is attached. Canada was asked to have this agreement signed by C. J. Mackenzie as an indication of favourable consideration by the Government, but it was decided that for the time being, Dr. Mackenzie would not sign the document.

Paragraphs numbered 1, 2, 5 and 6 are satisfactory as far as Canada is concerned.

Paragraphs 3 and 4 deal with the operations of the Combined Development Trust. Canada is not at present a member of the Combined Development Trust, although at the request of the United Kingdom Government, George Bateman is one of the Directors of the Trust, representing the Government of the United Kingdom. Canada has undertaken no financial commitments in relation to the Trust, but has undertaken to conduct, at her own expense, exploration for and development of uranium ores within the Dominion of Canada. Canada desires to leave the present arrangement unchanged. Therefore, I suggest that paragraphs 3 and 4 be reworded and a new paragraph 4(a) inserted, all as follows: —

3. "The two Governments presently responsible for the Combined Development Trust will take measures so far as practicable to secure control and possession, by purchase or otherwise, of all deposits of uranium and thorium situated in areas comprising the United States, its territories and possessions, and the United Kingdom. They will also use every endeavour with respect to the remaining territories of the British Commonwealth (except Canada) and other countries to acquire all available supplies of uranium and thorium. All

supplies acquired under the provisions of this paragraph will be placed at the disposition of the Combined Development Trust.

4. All materials at the disposition of the Trust shall be allocated to the two Governments in such quantities as may be needed, in the common interest, for scientific research, military and humanitarian purposes. Such supplies as are not allocated for these purposes shall be held by the Combined Development Trust and their disposal shall be determined at a later date in the light of then existing conditions and on a fair and equitable basis.

4(a). Canada will take measures so far as practicable to secure control and possession, by purchase or otherwise, of all deposits of uranium and thorium situated within its areas. Canada will develop its deposits and use the product, in the common interest, for scientific research, and military and humanitarian purposes."

The arrangement outlined above is wholly consistent, since the special position of Canada was recognized when the Trust was formed. Canada was the first to acquire all uranium deposits within its borders, and, perhaps for that reason, those forming the Trust were content to proceed with the Trust without asking commitments from Canada. I see no reason why any change in the situation is desirable at this time.

Regarding the next meeting of the Joint Policy Committee, it would appear that the meeting will be concerned, principally at least, with procedure which might be followed when setting up the United Nations Commission on atomic energy. This would seem to be a matter for diplomacy rather than for development. Therefore, I would ask that you represent me at the meeting to be held next Tuesday, in the office of the Secretary of State. My only interest is consideration of the document signed by Sir John Anderson and General Groves, referred to above, and if this document is considered, I will be glad if you will put forward my views as above stated. I regard it as important that Canada does not become involved in the operations of the Combined Development Trust.

Yours truly,

C. D. HOWE

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum au président, le Comité conjoint de la politique*

*Memorandum to Chairman, Combined Policy Committee*

[Washington,] November 16, 1945

We recommend that the following points be considered by the Combined Policy Committee in the preparation of a new document to replace the Quebec Agreement, which should be superseded in toto, together with all other understandings with the exception of the Combined Development Trust Agreement which should be revised in conformity with the new arrangements.

1. The three Governments, the United States, the United Kingdom and Canada, will not use atomic weapons against other parties without prior consultation with each other;

2. The three Governments agree not to disclose any information or enter into negotiations concerning atomic energy with other governments or authorities or persons in other countries except in accordance with agreed common policy or after due prior consultation with one another;

3. The three Governments will take measures so far as practicable to secure control and possession, by purchase or otherwise, of all deposits of uranium and thorium situated in areas comprising the United States, its territories or possessions, the United Kingdom, and Canada. They will also use every endeavour with respect to the remaining territories of the British Commonwealth, and other countries to acquire all available supplies of uranium and thorium. All supplies acquired under the provisions of this paragraph will be placed at the disposition of the Combined Development Trust.

4. The materials at the disposition of the Trust shall be allocated to the three Governments in such quantities as may be needed, in the common interest, for scientific research, military and humanitarian purposes. Such supplies as are not allocated for these purposes shall be held by the Combined Development Trust and their disposal shall be determined at a later date in the light of then existing conditions and on a fair and equitable basis.

5. There shall be full and effective cooperation in the field of basic scientific research among the three countries. In the field of development, design, construction, and operation of plants such cooperation, recognized as desirable in principle, shall be regulated by such *ad hoc* arrangements as may approved from time to time by the Combined Policy Committee as mutually advantageous.

6. The Combined Policy Committee, already established and constituted so as to provide equal representation to the United States on the one hand and to the Governments of the United Kingdom and Canada on the other, shall carry out the policies provided for, subject to the control of the respective governments. To this end, the Committee shall:

1. Review from time to time the general program of work being carried out in the three countries.

2. Allocate materials in accordance with the principles set forth in the fourth paragraph above.

3. Settle any questions which may arise concerning the interpretation and application of arrangements regulating cooperation between the three Governments.

The above is to be understood as being without prejudice to the consideration by the Combined Policy Committee of any matters not covered in this memorandum.

JOHN ANDERSON
L. R. GROVES
Maj. Gen. U.S.A.

**641.** DEA/201s

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Under-Secretary of State for External Affairs*

TOP SECRET Washington, December 4, 1945

Dear Norman [Robertson]:

The receipt of teletypes EX-4099 and EX-4100 over the weekend on the Combined Policy Committee and the uncertainties which they raised in our minds here, prompt me to write you not only about these particular messages, but also about our whole relationship to this Committee.

As you know, Mr. King signed a short document[47] when in Washington, along with Mr. Truman and Mr. Attlee, accepting the principle of co-operation between the three powers in respect of atomic developments and instructing a small group to prepare a memorandum of proposals designed to implement this principle. That memorandum is contained in your teletype EX-4100, where I saw it for the first time.

In his letter to me dated November 30th, Mr. Howe proposed certain amendments to that memorandum which were, I understand, approved by the Prime Minister and Dean Mackenzie and for which I was asked to press at the meeting of the Combined Policy Committee which was held this afternoon.

Mr. Howe, in support of these proposals, states that they would merely maintain the *status quo* in respect of Canada's relationship to the Combined Development Trust. According to Mr. Howe, Canada is not a member of that Trust at present, although George Bateman is one of its directors representing the United Kingdom. There seems to be some misunderstanding here, because Bateman has shown me a letter from Howe to him dated June 3rd, 1944[48] a copy of which is attached to this letter and which shows that Mr. Howe appointed Bateman to the Committee as a Canadian, not a United Kingdom, representative. Bateman has always considered himself as a Canadian representative, and so have the other members of the Trust.

The changes suggested by Mr. Howe to paragraphs 3 and 4 of the memorandum will, I think be a surprise to the members of the Policy Committee, and will be interpreted by them as an indication of the desire of Canada to contract out of her present membership in the Trust, while retaining full membership in the Policy Committee. I feel pretty sure that the other members of the Policy Committee will demur at this proposal. As I understand it, we are asking them to accept certain obligations in respect of the pooling and control of all supplies of uranium and thorium which we do not desire to accept ourselves. In other words, all supplies required by the United States and the United Kingdom inside or outside their territories will be placed at the

[47]Document 630.
[48]Document 598.

disposition of the Combined Development Trust, while Canada merely promises to take measures so far as practicable to secure control and possession of all uranium and thorium deposits situated within its territories and use the production thereof in the common interest.

Incidentally, the additional amendment you propose to the memorandum, namely, the omission of the words "for scientific research, military and humanitarian purposes," will be opposed by the United Kingdom. They are very anxious to have these words included, because they feel that it strengthens their right to have allocations made to them under Section 2 of paragraph 6.

As it happened, there was no necessity at the meeting this afternoon for us to bring these matters forward, as the Anderson-Groves memorandum was referred to a drafting sub-committee, which will discuss its terms and report back to the full committee. General Groves and Roger Makins will be the U.S. and U.K. members of that Committee, while the Canadian member will be myself.

It was made clear at the meeting this afternoon that this memorandum, when approved by the Policy Committee and signed by the heads of governments, will replace the Quebec Agreement. I raised the question of the constitutional effect of an agreement of this kind. Secretary Byrnes is referring the matter to Hackworth of the State Department for advice in so far as the United States is concerned. I think it should also be looked into from our point of view. It is quite clear that a memorandum of agreement of this kind, signed merely by members of the Policy Committee, has no legal effect, but what would be the exact situation if it is signed by the President and two Prime Ministers?

I think I should point out the great emphasis laid this afternoon on the necessity of secrecy in these matters. You can imagine the interest that would be caused if it leaked out that the three governments were negotiating a formal agreement of this kind, justifiable though that arrangement may be in present circumstances. Every possible precaution therefore should be taken here and in Ottawa to avoid any leakage. This will, among other things, necessitate great caution in any request for legal advice.

The activities of the Trust were approved at this afternoon's meeting of the Policy Committee, including an arrangement for an equal division of the cost of purchasing the entire product of the Belgian mines. General Groves stated this afternoon with some satisfaction that, as a result of contracts made and other steps taken, the Trust now controlled some 97 percent of the known and producing sources of uranium in the world; and about 60 percent (I think) of the thorium resources. The United States and the United Kingdom authorities, in fact, seem to have been very successful in building up a monopolistic cartel!

At the meeting this afternoon, Secretary Byrnes was elected as Chairman of the Committee, replacing Secretary of War Patterson. We were asked to submit the name of a Canadian Joint Secretary, and I proposed George Bateman, who was present, and he was duly elected.

At the end of the meeting this afternoon I asked the Chairman, Secretary Byrnes, whether he proposed to use this Committee to discuss questions such as the proper procedure to be adopted in approaching the United Nations on matters arising out of the Washington declaration; specifically the questions raised in our memorandum to him sent on November 30th,[49] copy of which I forwarded to you in our Despatch No. 2811.[†] Mr. Byrnes thought that this and similar matters should be discussed between the three governments through ordinary diplomatic channels and not through the mechanism of this Committee. It would appear, therefore, that the Combined Policy Committee is not likely to extend its activities as widely as I, for one, had expected.

I feel myself that the whole question of our relationship to this Combined Policy Committee should be given the most careful consideration. If we are in fact in any doubt as to the wisdom of full participation in any of its activities and those of the Trust, might it not be better to withdraw from membership now rather than attempt to limit our obligations as members? I realize that it may now be too late, of course, to withdraw, even if it were desirable, but surely the subject is of such far-reaching importance that the pros and cons of such withdrawal should be given the most careful consideration. This would seem to be the time to do it, before the sub-committee reports back to the full Committee.

Frankly, I feel that, as a junior third party in this Committee, we may be dragged along in directions where we might not desire to go but over which we would have little control. Would it be possible for us to leave the Policy Committee to the two governments chiefly concerned and regulate our association with it by an assurance to those governments along the line of new paragraph 4(a) proposed by Mr. Howe and including the provisions of present paragraphs 1, 2, 5 and 6? This would make it possible for the two members of the Policy Committee to call us into consultation whenever they so desire, but would release us from the responsibility of approving or disapproving all of the decisions taken by the Committee. In other words, our association with the Committee would be somewhat like our association with the Combined Chiefs of Staff here.

As I said above, it may be too late for this now, but I would be glad to get your reaction to the suggestion, based, I admit, on very sketchy knowledge of the origin and activities of the Committee in question and its sub-agency, the Trust. In any event, I think that the amendments which we suggest to the memorandum should be reconsidered in the light of the considerations that I have put forward; and those which are also being put forward in a letter from Bateman to Mr. Howe, a copy of which he has sent to me and which is enclosed.

Yours sincerely,

MIKE [PEARSON]

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[49]Voir le document 636./See Document 636.

**642.** DEA/201s

*Le cosecrétaire, le Comité conjoint de là politiqué,*
*au ministre des Munitions et des Approvisionnements*
*et de la Reconstruction*

*Joint Secretary, Combined Policy Committee,*
*to Minister of Munitions and Supply and of Reconstruction*

TOP SECRET [Washington,] December 4, 1945

Dear Mr. Howe,

When I first spoke to you over the phone on Monday with reference to the C.D.T. and the meeting of the C.P.C. on Tuesday, I had not seen either your letter to Pearson or the Anderson-Groves memorandum on which your letter was based. When I spoke to you the second time, I had only read the papers over very hurriedly. Since then I have gone over them more carefully and can readily see the reason for the position taken in your letter.

Paragraphs 3 and 4 of the Anderson-Groves memorandum are badly drafted and could be very readily misconstrued. There also appears to be some confusion about my position on the Trust. I have always considered myself as being there as your representative and therefore as the Canadian representative. This would seem to be confirmed by your letter to me of 3 June, 1944, copy of which is attached. I interpreted the last paragraph of your letter to mean only that we would not be signatories to Trust contracts, as the funds are, and I think should continue to be, supplied by the U.S. and the U.K. My understanding is that Canada became a member of the C.P.C. by virtue of the Quebec Agreement in the fall of 1943 and that the Trust was formed by C.P.C. in the spring of 1944.

Paragraphs 3 and 4 of the Anderson-Groves memorandum might convey the impression that the Trust is to be given more authority than is either intended or desirable. The principal change in the proposed new Trust charter is to extend the authority of the Trust to acquire supplies from the member Governments as well as from the outside areas. I believe that the procedure actually contemplated by these two paragraphs would be as follows:

1. That all uranium and thorium supplies acquired by the three Governments jointly or severally, anywhere in the world, will be subject to allocation by the C.P.C. for use by the Governments for certain definite purposes.

2. All material not so allocated for use will pass into the ownership of the Trust to be held on behalf of member Governments jointly until allocated by the C.P.C.

3. Such stockpile material is not to be purchased directly by the Trust unless it originates in territories outside those of the three Governments. If it originates in the administrative ambit, it would be purchased in the first instance by that member Government and resold to the Trust at cost.

4. Material allocated directly for use by a member Government need not pass through the ownership of the Trust as this would be financially and administratively cumbersome.

It is not proposed that the Trust should, for example, have anything to say about Canadian operations. The Trust could, of course, make recommendations on such matters as the desirability of an extensive exploration and development campaign in Canada but that would be about the limit of the extent to which it could go.

As you will see from 2 and 3 above, it is proposed that the Trust should purchase only unallocated material. It seems to me that there might be some advantage to us in giving the Trust authority to purchase supplies in any or all of the three member countries. Under the present authority of the Trust, if the U.S. were to stop buying from Canada, we would have no place to sell our concentrates. Under the proposed extended authority, if the U.S. stopped buying from us, our market would presumably be with the Trust itself.

It is my understanding that you approve the principle of having *all* supplies subject to allocation by the C.P.C. Having regard to this, and on the assumption that Canada is in fact a member of the C.D.T. and the further assumption that the proposed enlarged authority of the C.D.T. is to be exercised as I have set out above, I think it would be difficult to write ourselves into the C.P.C. and out of the C.D.T.

I would suggest that before making a final decision on this point we should wait until the drafting subcommittee has prepared a revised and clarified draft of the Anderson-Groves memorandum, which will then be submitted to you for any changes and comments before it goes to the C.P.C. I presume you would want it made clear that acceptance does not involve a natural participation in the C.D.T.

Yours sincerely,

G. C. BATEMAN

**643.** DEA/201s

*Le cosecrétaire, le Comité conjoint de la politique, au ministre des Munitions et des Approvisionements et de la Reconstruction*

*Joint Secretary, Combined Policy Committee, to Minister of Munitions and Supply and of Reconstruction*

Washington, December 5, 1945

Dear Mr. Howe,

At the C.P.C. meeting Tuesday afternoon the Anderson-Groves memorandum was read but there was no discussion because of the understanding that it was simply to act as a framework for the more formal memorandum of agreement to be prepared by the drafting committee, which draft was to be submitted by the C.P.C. for approval. As the drafting Committee will also have

to prepare a document to replace the Quebec Agreement, I thought it better that Pearson should be on the drafting committee with Makins and Groves and that I should act as Pearson's adviser.

Yours sincerely,

G. C. BATEMAN

**644.** DEA/201-Bs

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-6132 Washington, December 5, 1945

IMMEDIATE. TOP SECRET. I have just received the following aide-mémoire from the Secretary of State on the procedure to bring the Washington Declaration on Atomic Energy to the United Nations Organization, Begins:

"The Secretary of State has the honor to acknowledge receipt of the Canadian Ambassador's aide-mémoire' concerning the procedure for bringing before the United Nations Organization the proposal, made in the agreed declaration of November 15th on atomic energy, to set up a 'commission under the United Nations Organization to prepare recommendations for submission to the Organization.'

2. The views of the Government of the United States with respect to the proposed commission are in general accord with those expressed by the Canadian Government.[50] In particular, this Government believes that Canada should be given representation on the proposed commission. This Government believes, however, that it would be unwise to attempt to establish in definite form its position on the organization of the commission prior to discussion of the subject with the Soviet Government.

3. It is the opinion of this Government that it would be desirable to discourage the Preparatory Commission from undertaking a detailed discussion of the proposed commission. The United States delegate to the Preparatory Commission has been so informed and has been instructed to take up the matter with his Canadian and British colleagues.

4. The Secretary of State finds it impossible to concur in the view expressed by the Canadian Government with respect to approaching the Soviet Government. This Government considers that it is essential, both for the successful establishment of the proposed commission and for its effective functioning, that its composition and terms of reference be acceptable to the Soviet Government. For this reason, the Government of the United States plans to take up promptly with the Soviet Government the question of the establishment of the proposed commission with a view to obtaining its co-

[50]Voir *ibid.*
See *ibid.*,

operation in submitting a proposal to the United Nations Organization or at least its concurrence in such a proposal.

5. As the Canadian Ambassador is aware, the Secretary of State transmitted directly to the Foreign Ministers of the Soviet Union, France, and China, the text of the agreed declaration prior to its publication. The replies of the Soviet and Chinese Governments are enclosed for the information of the Canadian Government. No reply has yet been received from the French Government.

6. The United States Government believes that further consideration should be given to possible discussions with the Governments of France and China prior to the meeting of the General Assembly.

7. The Government of the United States is grateful for the views of the Canadian Government with respect to the establishment of the proposed commission under the United Nations Organization, and desires to discuss this matter further with the Canadian Government in the very near future."

Enclosures:

1. Copy of acknowledgment from Soviet Government.
2. Copy of reply from Chinese Government.

Chinese Embassy, Washington, November 23rd, 1945

My dear Mr. Secretary:

I have the honor to transmit the following message dated November 21st, 1945, addressed to you by the Minister for Foreign Affairs:

"I have the honor to acknowledge the receipt of Your Excellency's telegram November 15th, 1945, in which you transmitted to me the full text of the joint statement on the control of atomic energy issued by the President of the United States of America, the Prime Minister of Great Britain, and the Prime Minister of Dominion Government of Canada. The Chinese Government fully subscribes to the view that the only complete protection for the civilized world from destructive use of scientific knowledge lies in the abolition of war and that this can be brought about only by consolidating and extending the authority of the United Nations Organization. It is to be hoped that the proposed commission will be set up without delay so as to ensure that atomic energy will be diverted from destructive purposes and utilized for peaceful and humanitarian ends.

WANG SHIH CHIEH"

I am, my dear Mr. Secretary,
Very sincerely yours,
WAI TAO-MING

TRANSLATION

His Excellency James F. Byrnes Secretary of State United States of America

"I have the honour to inform Your Excellency herewith of the receipt of your telegram of November 16th, containing the text of 'The Joint Declaration

on Atomic Energy of the President of the United States, the Prime Minister of the United Kingdom, and the Prime Minister of Canada."

V. MOLOTOV

Ends.

**645.** DEA/7-DE-s

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] December 7, 1945

Following our conversation last night, I asked Malcolm MacDonald to let his Government know that you thought it would avoid embarrassment for everybody if they were to drop the suggestion that Canada should be associated with the Three-Power talks which are to be held in Moscow next week. At the same time it would be easier for us if the official communiqué announcing the talks did not make specific reference to the control of atomic energy. I also told Mr. MacDonald that, though you fully appreciated the spirit and intention of Mr. Bevin's instruction to Lord Halifax to approach Mr. Byrnes with a view to associating Canada with the conversations, it was felt here that the suggestion that Wilgress could return to Moscow from London, where he is Chairman of the Canadian Delegation to the Preparatory Commission, was perhaps a shade officious.

I then called Mr. J. D. Hickerson of the Department of State in Washington and spoke to him along the lines of my conversation with Mr. MacDonald, without, of course, saying anything about the appropriateness or otherwise of the suggestion about Wilgress. Hickerson undertook to get in touch with his Secretary of State immediately. He called me back in about twenty minutes to say that the communique had been issued at 8 o'clock that evening and that it was therefore not possible to take up our suggestion that no specific reference should be made to control of atomic energy.

**646.** DEA/201-s

*Le cosecrétaire, le Comité conjoint de la politique, au ministre de la Reconstruction*

*Joint Secretary, Combined Policy Committee, to Minister of Reconstruction*

TOP SECRET Washington, December 7, 1945

Dear Mr. Howe,

We had another meeting of the C.D.T. this morning, and yesterday I had some prior discussions with Hambro and Makins. One of the suggestions which the British had proposed to bring forward at this meeting was that in the case

of any material produced in any Empire country which might be sold to the Trust, the sale in the first instance should be to the U.K., and from the U.K. to the Trust. I told them that I was sure that such a proposal would be most unacceptable to Canada and that they should not even raise the point. As a result they dropped the matter.

Last night Hambro raised the financial question. He had in his mind the hope that Canada would share equally with the U.K. the U.K.'s financial commitment to the Trust. I told him that I thought he would be ill-advised to raise this point; that at the present time Canada had spent considerably more in connection with this project than the U.K. had obligated itself for to the Trust, and that such a proposal would be inappropriate until such time as the U.K. had actually spent as much as Canada, even if then. As you know, the U.S. and U.K. agreed to place at the disposal of the Trust the sum of $25,000,000 to be split fifty-fifty. The principal obligation of the Trust is in connection with the Congo contracts, where the British pay their 50% in sterling.

As I advised you, there was no discussion of the Anderson-Groves memorandum at the meeting of the C.P.C. last Tuesday. There was, therefore, no necessity, and in fact no occasion, for mentioning the amendments to the Anderson-Groves memorandum contained in your letter to Pearson. As there appeared to be some confusion on certain points, no mention has been made to the Americans of the possibility of our position being altered. However, I understand that Pearson told Makins something about it and Makins in turn told Hambro and Lee. However, I warned Makins not to say anything to the U.K. until the position on our side had been clearly defined. At this morning's meeting, therefore, I carried on as usual.

During the discussion of the Anderson-Groves memorandum this morning and the method of operation under the proposed new chapter of the C.D.T., I raised the point of what obligation on the part of the Trust there would be to purchase unallocated material, having in mind what our position would be if at any time our contract with the U.S. should not be continued. The British, in the persons of Lee and Hambro, expressed the view that each of the three countries should assume financial responsibility for material produced in their respective countries. This view, if it prevailed, would mean that if our contract with the U.S. was not renewed, Canada would be responsible for stock-piling material which it produced.

I explained to them in considerable detail the various factors and difficulties involved in the operation of the Eldorado property. I also told them that it was not our desire to produce at a high rate, but that if the operation is to be carried on production could not fall below a minimum economic limit. I also told them that if the C.P.C. was to have the right of allocation, and that if at the same time the C.D.T. was not prepared to find a market for any material which might not be allocated, that we might have to reconsider our position with both C.P.C. and C.D.T.

Groves and Harrison both agreed with me that the new charter of the Trust, and the agreed basis of operation by the Trust, should provide that where

desired the Trust should find a market for unallocated material and not leave it as an entire charge upon the producing country. The British receded from their view and accepted this suggestion. I should say that in talking privately with Makins and Hambro, particularly at this morning's meeting, I made it clear that I had not had an opportunity of consulting you as to your views, and that I was expressing a personal opinion which might be subject to correction when I heard from you.

I would appreciate your comments and advice.

Yours sincerely,

G. C. BATEMAN

**647.** DEA/201s

*Le ministre des Munitions et des Approvisionnements et de la Reconstruction au cosecrétaire, le Comité conjoint de la politique*

*Minister of Munitions and Supply and of Reconstruction to Joint Secretary, Combined Policy Committee*

Ottawa, December 11, 1945

Dear George [Bateman],

I have your letters of December 4th and 5th regarding C.P.C. and C.D.T. I think that you now understand why I declined to have anyone initial the Anderson-Groves memorandum.

I feel that Canada should not at this time undertake responsibility for financing the Trust. We have spent some $6,000,000 in purchasing Eldorado and are spending $1,000,000 each year in development work which is bringing excellent results in the way of locating new uranium prospects. It seems to me that if we look after the Canadian source of supply at our own expense, that should be our full share.

I have no particular objection to permitting the Trust to allocate our uranium, particularly should the Trust be willing to undertake to purchase any uranium that we do not sell direct to the United States or the United Kingdom. If the Trust will not give such an undertaking, it seems to me that we should be left free to make our own arrangements. We can never hope to do better that break even with Eldorado and we will be fortunate to do that if the market for radium goes to pieces as now sems likely.

I think that Canada should remain a member of C.P.C., but I am not so concerned about our membership in C.D.T. Should it be decided that the U.K. and U.S. desire to operate the Trust without Canada, I will have no objection. My file indicates that you were named by the British as a desirable member of their side of the Trust and it was my understanding that they desire your membership on account of your wide knowledge of metallurgy in many countries. It was known that you would represent Canada and report to me but it is also a fact that Canada did not ask to be represented on the Trust.

I do not wish to take too narrow a view of Canada's relations to the Trust and therefore I think we should reserve our position until the results of the Drafting Committee are known. The above thoughts are for your guidance as a member of the Drafting Committee. The Prime Minister feels that we should try to be as independent as possible in all these matters, and while I have not discussed details of the Trust with him, I think I am interpreting his feelings correctly. When the work of the Drafting Committee comes to hand, I will take up the matter with him and with my Colleagues in the Cabinet.

You were correct in presuming that I would want it made clear that acceptance of membership in the Trust does not involve financial participation in operations outside Canada.

Yours sincerely,

[C. D. HOWE]

**648.** DEA/201s

*Le ministre des Munitions et des Approvisionnements et de la Reconstruction au cosecrétaire, le Comité conjoint de la politique*

*Minister of Munitions and Supply and of Reconstruction to Joint Secretary, Combined Policy Committee*

Ottawa, December 12, 1945

Dear Mr. Bateman,

Thanks for your letter of December 7th after your meeting of the C.D.T. I am sure you appreciate more than before my reluctance in signing the Anderson-Groves memorandum without a great deal more clarification.

I am sure that you and I have a common viewpoint on these matters and I am sure that you will produce an agreement covering the future operations of the Trust that will protect the position of Canada.

I note that other members of the Trust agreed that the Trust should provide a market for unallocated material and not leave it as an entire charge upon the producing country. If this arrangement prevails, I will have no objection to permitting the Trust to allocate all Canadian production not required in Canada; this provided we are not required to assume financial obligation for purchases made outside our three countries.

In any event, the new Trust document will be carefully considered here when it comes to hand.

Yours sincerely,

[C. D. HOWE]

649. DEA/201-Bs

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

Washington, December 12, 1945

IMMEDIATE. TOP SECRET. For Immediate action. Following message received late last night from State Department. Byrnes leaves this morning for Moscow. Message Begins:

AIDE-MÉMOIRE

1. The Secretary of State makes further reference to the aide-mémoire dated November 30th, 1945,[1] from the Canadian Ambassador concerning the procedure for bringing before the United Nations Organization the proposal, made in the agreed declaration of November 15th on atomic energy, to set up a "Commission under the United Nations Organization to prepare recommendations for submission to the Organization," and to the aide-mémoire from the Secretary of State dated December 5th, 1945,[51] in reply thereto.

2. The Government of the United States has given further consideration to the best method of presenting to the Soviet Government its views on the procedure for establishing the Commission and also on the nature of the Commission's authority. A tentative statement of the present views of the United States Government on this subject is forwarded herewith for the information of the Canadian Government. This Government plans to submit this paper to the Soviet Government with a view to obtaining its concurrence as to an agreed line of action. It should be emphasized that, although these views reflect the approach that this Government is taking to this very difficult problem, the draft may be changed before final submission to the Soviet Government in the forthcoming discussions in Moscow. It is, therefore, requested that this statement be regarded as strictly confidential.

3. This Government would be glad to have a statement of any recent views of the Canadian Government on this subject.

Enclosure:

1. Copy of draft proposals on atomic energy for submission to Soviet Government.

Department of State, Washington, D.C.

Part II, quoting enclosures, follows. Ends.

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[51]Voir le document 644./See Document 644.

## PART II

Following are enclosures sent with aide-mémoire quoted in Part 1 of this teletype. Enclosure one, Begins:

*Draft Proposals on Atomic Energy for Submission to Soviet Government*

It is the earnest desire of the United States to collaborate with other nations for the purpose of developing with the greatest practicable speed international measures to prevent the use for destructive purposes of atomic energy and other means of mass destruction, and to promote the use of atomic energy and other scientific advances for the benefit of mankind.

The President of the United States announced on October 3rd, 1945, that, in furtherance of this purpose, it was the intention of this Government to hold conversations with the other Governments associated with it in the development and use of atomic energy, and subsequently with other Governments. The first step having been taken, it is now desired, as the next step, to hold exploratory conversations with the Soviet Government in regard to this matter which is of such vital importance to the peace and well-being of the peoples of the world.

As the Soviet Government is aware, the Governments of Great Britain, Canada, and the United States believe that a Commission should be established under the United Nations Organization to study the problems raised by the discovery of atomic energy and other related matters and to make recommendations for submission to the Organization. It is the hope of this Government that the Soviet Government will join in the sponsorship of a proposal to this effect at the first meeting of the United Nations in January, 1946. A draft embodying the present views of the Government of the United States as to the method of establishing the Commission is submitted herewith. It is the desire of this Government to have a full exchange of views on this draft and to learn whether the Soviet Government will join in a proposal along these lines.

It is the belief of this Government that the substantive problem presents very difficult questions; in consequence agreed international action is likely to be exceedingly complex and must be based upon careful and earnest study.

The problem appears to this Government to consist of a number of separate although related segments. These segments include:

(1) The ever-widening exchange of scientists and scientific information; and scientific techniques and materials,

(2) The development and exchange of knowledge concerning natural resources,

(3) The exchange of technological and engineering information,

(4) Safeguards against and controls of methods of mass destruction. It is the belief of this Government that successful international action with respect to any phase of the problem is not necessarily a prerequisite for undertaking affirmative action with respect to other phases. Affirmative action should be taken whenever it is likely to be fruitful.

This Government believes that mutually advantageous international action might well be undertaken promptly with respect to the first segment listed above — the exchange of scientists and scientific data. This Government attaches great importance to the development of effective collaboration in all fields of science.

The other segments present very troublesome questions which require for their solution the devising of effective, reciprocal and enforceable safeguards acceptable to all nations. The United States Government does not purport to have the solution to these questions, but it is eager and willing to work with the Soviet Union and other nations toward the establishment, as rapidly as possible, of mutually acceptable arrangements for full collaboration in these areas. To this end the United States Government will be glad to consider such proposals as the Soviet Government may wish to make in respect to any phase of these problems and to discuss them with the Soviet Government both in the United Nations Commission and separately. Enclosure one ends.

Enclosure two, Begins:

*Annex*

*Proposed Recommendation for the Establishment by the United Nations of a Commission to Deal with the Problems Raised by the Discovery of Atomic Energy and Other Related Matters*

I. *Establishment of the Commission*

The Commission should be established by the General Assembly which is the only body, under the terms of the Charter, possessing the authority to examine the entire problem of atomic energy.

II. *Reports of the Commission*

The reports of the Commission should be made to the General Assembly for transmission to the members of the United Nations, the Security Council, and the Economic and Social Council. The General Assembly should also request action of the Security Council and the Economic and Social Council on those aspects of the reports which require action, and which fall within the respective jurisdiction of those bodies.

III. *Composition of the Commission*

The Commission should be composed of one representative each of those nations represented on the Security Council, and Canada when that nation is not a member of the Security Council. Each representative on the Commission should have such assistants as he may desire.

IV. *Rules of Procedure*

The Commission should establish its own rules of procedure. It should choose its own officers, and have whatever staff may be deemed necessary.

V. *Terms of Reference of the Commission*

The Commission should proceed with the utmost despatch and enquire into all phases of the problem, including the following matters, and make such recommendations from time to time with respect to them as it finds feasible:

(1) Wide exchange of scientists and basic scientific information for peaceful ends,

(2) Further measures to facilitate and promote the use of atomic energy for peaceful purposes, and the controls necessary to limit its use to such purposes,

(3) The elimination from national armaments of atomic weapons and all other weapons capable of mass destruction, and

(4) Effective safeguards by way of inspection and other means for those nations complying with the recommendations of the Commission.

The Commission should not infringe upon the responsibility of any organ of the United Nations, but should present recommendations for the consideration of those organs in the performance of their tasks under the terms of the United Nations Charter.

Enclosure two ends.

**650.** DEA/201-Bs

*Mémorandum du sous-secrétaire d'État associé aux Affaires exteriéures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

TOP SECRET [Ottawa,] December 12, 1945

I attach a copy of message WA-6206 of today from the Ambassador in Washington conveying the text of a communication from the Secretary of State which sets forth the proposals he intends to put up to the Soviet Government in Moscow in an effort to secure their concurrence in an agreed submission to the United Nations Organization of the Washington proposals to establish a Commission on atomic problems. Mr. Pearson tells me that this note was delivered to him shortly before midnight last night and that Mr. Byrnes is leaving today for Moscow. If we have any observations to make we should, therefore, submit them promptly, probably through both of our Embassies in Washington and Moscow. The communication says that the United States Government would be glad to have a statement of any recent views of the Canadian Government on the subject. It also states that the text submitted to us is not necessarily the final text to be submitted to the Soviet Government.

The most important part of the communication from our point of view is the second annex containing a draft recommendation to the United Nations. On the whole, this meets quite satisfactorily the points which we have already made to the U.S. and U.K. Governments.

1. The Commission would be established by the Assembly.

2. It would report to the Assembly which would transmit recommendations requiring action by the Security Council, the Economic and Social Council or individual Governments. (We suggested that the Commission might address its reports to either or both of the Assembly and the Security Council, depending on the nature of the recommendations; the present proposal, therefore, keeps the Assembly rather more in the center of the picture than we had suggested.)

3. The Commission would be composed of representatives of the countries on the Security Council, plus Canada when Canada was not sitting on the Council. (This is generally in accordance with our suggestion although we pointed out that it might be undesirable for the membership of the Commission to change automatically as a result of new elections to the Security Council. I doubt, however, whether a preferable formula for the composition of the Commission can be discovered.)

4. The Commission's terms of reference would be those set forth in paragraph 7 of the Washington Declaration with only minor verbal changes. It is made clear that the Commmission would be a recommending body and that the appropriate organs of the United Nations would continue to have responsibility for acting on the Commission's recommendatons.

The proposals with the covering memorandum which is also quoted in the attached message, would be put forward by Mr. Byrnes entirely on his own responsibility and we are not asked to endorse them. The most that I think we need do at this stage is to instruct Mr. Pearson to inform the Department of State that we have no objection to Mr. Byrnes presenting this statement of the views of the United States Government. I doubt that the United Kingdom Government will have much to say in criticism since the proposals follow pretty closely the position taken in Mr. MacDonald's letter to you of November 28th.

**651.** DEA/201-Bs

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-6210 Washington, December 12, 1945

FOR IMMEDIATE ACTION

IMMEDIATE. TOP SECRET. Following for Wrong from Pearson, Begins: Reference my WA-6206, December 12th, text of Mr. Byrnes' aide-mémoire on atomic discussions in Russia, which you will have now received. This reached the Embassy last night and I had not had an opportunity to have any discussion

with the State Department concerning it or the matters referred to in our aide-mémoire of November 30th to the Secretary on the subject. You will have gathered from today's aide-mémoire that, while the approach on this matter to the U.S.S.R. is by two Governments — U.S. and U.K. — the proposals seem to be unilateral, for the aide-mémoire says that the United States is considering the best method of presenting its, repeat its, views, not the views of the three Governments, to the Soviet.[52] It also refers to the desire of the United States Government to have a full exchange of views with the Soviet Government on this United States draft. In other words, a basis is presented by the United States Government to the Soviet Government for discussion with a view to eventual submission to the United Nations on behalf of three or four Governments. I suppose the United Kingdom, who are more concerned in this aspect of the matter than we are, may seek to get this procedure and form altered.

2. Paragraph 5 of the United States draft proposals enumerates the various segments of the problem and, by enumeration, indicates a priority of treatment, a priority which seems to be confirmed by paragraph 6. This enumeration, however, puts "the exchange of technological and engineering information" ahead of "safeguards and controls." I think this order will please the U.S.S.R., but I wonder whether it is wise. Furthermore, do not the last two sentences of paragraph 5 contradict the first sentence of paragraph 8 of the declaration of November 15th, which suggests that one stage must be completed successfully before the next stage is begun? Considerable importance was attached to this principle during the Washington discussions, but it is weakened, I suppose, by the Byrnes proposals.

3. The proposed recommendation in the Annex seems to me to be reasonably satisfactory, though it does not take into consideration one or two of the points which we had raised previously. Some confusion, however, might be caused by the enumeration of subjects for possible Commission recommendations in Section 5 of the Annex and the enumeration of the various segments of work in paragraph 5 of the proposals, especially as the two lists are not the same in all respects. Ends.

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[52]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
Mr. Pearson tells me by telephone that he now thinks there is a good deal to be said for having it a *U.S.* proposal. H. W[rong]

**652.** DEA/201-Bs

***Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre***

***Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister***

TOP SECRET [Ottawa,] December 12, 1945

With regard to my earlier memorandum today concerning the proposals which Mr. Byrnes intends to put up to the Soviet Government on questions relating to atomic energy, Pearson has let us know the results of his further consideration of these proposals and of a discussion on them which he has had with Makins of the British Embassy. I need not bother you with his full report as a good deal of it was covered in my memorandum of this morning. There is one new point of importance, however. This related to the paragraphs which appear at the top of page 4 of Pearson's message WA-6206. He points out that this page begins by enumerating the various segments of the problem and indicating by the order employed the priority in which they should be treated. This priority would put the exchange of technological and engineering information ahead of safeguards against and controls of methods of mass destruction, whereas the basis of the Washington Agreement was that the controls and safeguards must be developed before full engineering and technological information was made available to other countries. Pearson, furthermore, points out that the Washington Declaration laid down that each stage of the work of the Commission should be successfully completed before the next stage was undertaken and this principle does not seem to be adequately expressed in Mr. Byrnes' draft.

He tells me that the British Ambassador is telegraphing London urgently on this point to which he attaches considerable importance. We can, therefore, probably safely leave it to the United Kingdom to bring it to Mr. Byrnes' attention before he presents his proposals in Moscow. We should also [*sic*], however, comment on it ourselves to the State Department if you so desire. In order to be sure that our comments are received in time, they should be presented tomorrow.

**653.** C.D.H./Vol. 13

*Le ministre des Munitions et des Approvisionnements et de la Reconstruction au haut commissaire de Grande-Bretagne*

*Minister of Munitions and Supply and of Reconstruction to High Commissioner of Great Britain*

TOP SECRET [Ottawa], December 13, 1945

Dear Mr. MacDonald,

I have your letter of December 12th,[1] in which you advise that you have adopted an arrangement with United States authorities whereby British scientists working on atomic energy may be free to disclose information, providing that the disclosure is made to persons authorized to receive such information as being essential to them in the course of their work.

I am quite agreeable to the application of the same principle as regards British scientists working on the Canadian team in Canada.

Yours sincerely,

[C. D. HOWE]

**654.** DEA/201-s

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Associate Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa,] December 14, 1945

In light of the discussion between the Under-Secretary, Mr. Bateman and myself yesterday evening and the discussion the previous evening with Dean Mackenzie and Mr. Heeney I telephoned to Mr. Pearson this morning to indicate the general line which we thought he might take at the Drafting Committee's meeting today. I suggested that while he need not present the exact text of the amendments by Mr. Howe to the Groves-Anderson draft he should indicate that the Canadian position with respect to the operations of the C.D.T. was different from that of the other two members, especially in view of the fact that we were the only producers among the three of the materials. In consequence, the provision that we should share equally in the purchasing operations of the C.D.T. would not be acceptable to us.

I told him that we understood from Bateman that a further draft on this aspect would be produced by General Groves at the Drafting Committee. This draft, in the preparation of which Bateman had had a hand, would define the position of Canada more accurately. I suggested that he should stall on indicating his own approval of any draft and told him that before any agreement could be made we had a good deal of work to do here in clearance with the Ministers concerned. I said it might turn out to be advisable that there should be two separate documents, one on the C.P.C. in which we wished to

continue to participate on approximately the present footing, and the other on the C.D.T. recognizing our special position.

Perhaps the gist of this may be said to be that Pearson was not to press for a position which would be equivalent to our "contracting out" from the C.D.T. so long as our special relationship with it was spelled out. I said that we had at this stage no particular objection to the paragraphs of the draft agreement which related to the C.P.C. itself although we should undoubtedly want to consider these further before any agreement was signed on our behalf.

I did not touch on the legal question raised in his letter[53] which I consider is not particularly important. In any case, the U.S. will make the running on this.

H. W[RONG]

**655.** DEA/201-Bs

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-4227 Ottawa, December 14, 1945

IMMEDIATE. TOP SECRET. Following for Pearson from Wrong, Begins: Your messages WA-6206 and 6210 of December 12th. The Prime Minister has considered the Aide-Mémoire quoted in your WA-6206 and the draft annexes which the Secretary of State intends to present to the Soviet Government. He has also considered the criticism of the first annex made in paragraph 2 of your WA-6210. In the light of the Washington discussions he feels that a certain amount of exchange of technological and engineering information must take place before international safeguards and controls can be agreed upon, or at any rate as part of the same process of negotiation. He, therefore, considers it unnecessary for us to bring this point to the notice of the Secretary of State although he agrees that it would be desirable for the proposals submitted to the Soviet Government to follow as closely as possible the language of the Washington Declaration of November 15th.

2. In these circumstances the only reply you need make to the Aide-Mémoire of November 11th from the Department of State is to say that the Government of Canada does not desire to offer any comments on the draft proposals which the Secretary of State intends to present to the Soviet Government on behalf of the Government of the United States. Ends.

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[53]Document 641.

**656.** DEA/201s

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Under-Secretary of State for External Affairs*

TOP SECRET Washington, December 14, 1945

Dear Norman [Robertson]:

I have just returned from the first meeting of the sub-committee of General Groves, Roger Makins and myself, appointed by the Combined Policy Committee to prepare a draft of an Agreement on atomic energy to replace that signed at Quebec; as well as a new Agreement and Declaration setting up the Combined Development Trust.

General Groves is an energetic administrator with, I gather, some suspicion of diplomats and all "unpractical" people. He is also, I fear, inclined to think that things like international agreements and the drafting thereof are less important than effective measures to maintain the lead already secured by the United States in the development of atomic energy. I hope I am not being unfair to him, but I received a fairly definite impression that he is more concerned with the national than the international aspects of this matter and with the military more than industrial uses of atomic energy.

It was clear that he was quite willing to begin drafting at once the two documents for immediate submission to the Combined Policy Committee. This did not suit Makins or myself. We wished to have a more general discussion of the form and purpose of the Agreements and return to the drafting of it [*sic*] at a subsequent meeting. You will be aware of my special reasons for this attitude. I really had very little to go on in respect to the Canadian attitude. I was not even certain whether the amendments proposed by Mr. Howe in his letter to me dated November 30th[54] were to be maintained, though I gathered from Hume this morning that this was not to be the case. I was further handicapped at this meeting by not having a copy of the original Agreement and Declaration of Trust or a copy of the minutes of the last meeting,† which, according to General Groves, had been sent to Mr. Bateman. I was, therefore, in hearty support of Makins when he suggested that we first talk about general principles and then, if necessary, give the two documents only a first reading at this meeting. So far as general principles are concerned, the U.K. and U.S. feel that what is required is an Executive Agreement to be signed by the President and the two Prime Ministers; or, rather, two, one dealing with the Combined Policy Committee and one dealing with the Combined Development Trust. The Americans feel, however, that an Agreement of this kind is a binding inter-governmental one. I assume, therefore, that the Canadian signature would have to be authorized by Order-in-Council. Groves himself seems to have preferred a Treaty to a Memorandum of Agreement, a preference which seems to

[54]Voir le document 640./See Document 640.

indicate somewhat his inexperience in international politics. A Treaty along the lines of the Draft Memorandum which is now being considered would, of course, have to be made public and receive congressional approval. It is difficult to contemplate this with equanimity in present circumstances.

We then took a look at the former Trust Agreement. I brought up the question of our position and said that we were quite satisfied with our present relationship to the Trust. The other two, however, thought that it would be most unfortunate if Canada did not sign the new Agreement. Groves, in fact, thought that if we were going into the Combined Policy Committee, we would have to become full members of the Combined Development Trust, especially as the latter Agreement will provide for the appointment and removal of members of the Trust by the Policy Committee. Groves added that he had always assumed that Bateman was already a member of the Trust for Canada and that all that was required was an alteration of the new Agreement to make that membership as valid in theory as it was in practice. He said that Bateman's participation in the work had been most valuable and that the Americans would regret very much our withdrawal. Makins echoed this. I replied that I would be in a position to let them know at the next meeting whether we would participate in the signature of the new Declaration of Trust, but I added that I could tell them at once that if we did, it would be on the basis that no new financial commitments of any kind were involved. They both accepted this.

I think myself that if we are to remain on the Combined Policy Committee, we will also have to become formally members of the Combined Development Trust.

We then looked at the Memorandum of Agreement[55] which is to replace the Quebec Agreement. A few changes of form were suggested to it, though nothing of substance. They will be embodied in a second draft, which Makins will put together and which I shall be able to telegraph to you next week, by which time I hope that our policy in respect of this matter will be somewhat more definite than it is at present.

I suggested the omission of "for scientific research, military and humanitarian purposes" in paragraph 4. This was opposed both by Groves and Makins. Apparently there had been a great deal of argument before these words were included and they did not wish to re-open the question. I can, however, revert to this matter, if you so desire, when the draft reaches the full Committee.

In paragraph 1, I also suggested that, if there were wider international arrangements outlawing the use of atomic energy for destructive purposes, it would be a little anomalous to sanction its use in this Agreement after consultation between the three governments. The paragraph will therefore be revised by including some such words as "pending the conclusion of an

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[55]Voir *ibid.*
See *ibid.*

international Agreement governing the use of atomic energy for destructive purposes," etc.

Groves and Makins had considerable discussion of the present draft of paragraph 5. Makins said that his people were a little worried lest this by implication meant that there would not be full co-operation and exchange of information in this field unless it could be shown to be "mutually advantageous". He wanted it, therefore, to be made clear that "mutually advantageous" applied only to the words "ad hoc arrangements" which preceded them. Groves, while he agreed with this interpretation, at the same time made it quite clear that the United States authorities did not necessarily intend to provide either the United Kingdom or Canada with all the information in their possession in the field of "development, design, construction and operation of plants." He was afraid that if they did this, some of the information might leak out, and that therefore the U.K. and Canada would have to justify as "mutually advantageous" each particular request for information.

The next meeting of the sub-committee will probably be a week from today, when the two documents will be formally passed for submission to the full Committee.

Yours sincerely,

L. B. PEARSON

**657.** DEA/201s

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-4278 Ottawa, December 20, 1945

IMMEDIATE. TOP SECRET AND PERSONAL. Following for the Ambassador from Wrong begins: Your letter of December 14th. We are not able to give you any further instructions for your guidance at the meeting of the Drafting Committee of the Combined Policy Committee which may take place tomorrow. Mr. Howe had left for Bermuda long before your letter arrived and there has been no opportunity of discussing the position with the Prime Minister who is away from Ottawa today.

2. I think, therefore, that your best course is to try to secure the adoption by the Drafting Committee of proposals in the form which seems most acceptable to you in the light of the views we have expressed and of the further information which Bateman is able to give you after his visit last week to Ottawa. Thus, you might agree to submit to Ministers here for their consideration proposals which provide for our association with the trust on the understanding that no new financial commitments were involved. We have not, ourselves, seen in the Department the original agreement and declaration of trust relating to this body.

3. With regard to the memorandum of agreement suggested to replace the Quebec agreement, it would seem to be necessary to make a change of substance in Paragraph 3, spelling out our special relationship to the trust, if we are not to assume any new financial responsibility. You need not press against strong opposition for the omission of the words in Paragraph 4 which we desire to exclude. I think that there is a good deal to be said for the suggestion you made which is reported in the fourth paragraph on Page 3 of your letter.[56]

4. If it is intended that the documents emerging from the Drafting Committee are to be signed by the Heads of Governments, it is obvious that there must be an opportunity for further consideration so that revisions may be suggested, if necessary, when they come before the C.P.C. You should take the line that the Drafting Committee is framing proposals of high importance for the consideration of the three governments. I think it would be a good idea if you could come yourself to Ottawa in the interval between the preparation of the drafts and their consideration by the C.P.C. Bateman might profitably accompany you.

5. I am afraid that this message is not vey helpful but it is the best we can manage at present. Ends.

**658.** DEA/201-Bs

*Mémorandum du chef, la première direction politique*[57]

*Memorandum by Head, First Political Division*[57]

TOP SECRET [Ottawa,] December 20, 1945

MEMORANDUM ON THE DECLARATION OF NOVEMBER 15TH ON ATOMIC ENERGY

The purpose of establishing an Atomic Energy Commission under the United Nations Organization is set forth in paragraph 7 of the Declaration in the following words:

"In order to attain the most effective means of entirely eliminating the use of atomic energy for destructive purposes and promoting its widest use for industrial and humanitarian purposes, we are of the opinion that at the earliest practicable date a commission should be set up under the United Nations Organization to prepare recommendations for submission to the Organization."

This statement, therefore, puts emphasis on the complete elimination of atomic weapons as the main purpose of the Commission.

On the other hand, it is stated in the Declaration that the Commission should make specific proposals "for the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass

[56]La référence concerne le huitième paragraphe du document précédent.
Reference is to the eighth paragraph of the preceding document.
[57]C. S. A. Ritchie.

destruction." It will be noticed such weapons are to be eliminated only from national armaments. There was some discussion during the Washington meeting as to whether specific reference should be made to the possibility of turning atomic weapons over to the United Nations to be used only on orders from the Security Council and against an aggressor. President Truman, however, did not favour this course, as he thought that it was undesirable to recognize the use in any way of atomic weapons.

Moreover, the President adhered to the idea that atomic warfare should be prohibited and that any nation engaging in it should be outlawed.

The inclusion of the idea of the total prohibition of the use of atomic weapons and their exclusion from the armaments at the disposal of the Organization for keeping the peace has introduced into the Declaration confusion both of language and of purpose.

The following questions suggest themselves in connection with this all important point and should be clarified before the Atomic Energy Commission is set up.

(1) The Atomic Energy Commission is to make proposals for the elimination not only of atomic weapons but of "all other major weapons adaptable to mass destruction" from national armaments. These other weapons are not defined. What the authors of the Declaration may have had in mind is the possibility of the development of new and still more terrible weapons in the future, but among weapons already in existence which are capable of mass destruction would, no doubt, be included bomber planes and rockets, as well as poison gas and bacteriological means of destruction. Incidentally, it is perhaps worth noticing that *mass* destruction is made the criterion for the abolition of weapons and that there is no mention of peculiarly cruel weapons which do not inflict mass destruction, e.g., flame throwers.

The conception of the continued existence of national armies which have renounced the principal weapons of modern warfare is unconvincing, nor is the experience of past disarmament conferences encouraging. The fine distinction between different types of weapons with the object of eliminating those which are adaptable to mass destruction presents endless opportunities for evasion by states unwilling to reduce their war potential. There is the obvious further danger that such states would be tempted to concentrate on building up those branches of peacetime industry which can readily be converted to the production of these weapons.

(2) It is clear from President Truman's statement at the Washington meeting that he does not contemplate that the United Nations Organization should have at its disposal the instruments of atomic warfare. It is not clear, however, whether other weapons of modern warfare, such as squadrons of bombers, are also to be eliminated from the armaments at the disposal of the Organization for the maintenance of peace. Presumably this must be contemplated as such weapons would be eliminated from the national armaments of member states, and the forces at the disposal of the Organization will be composed of contingents drawn from national armed forces.

(3) As a result of a decision that the United Nations Organization is not to have at its disposal the major weapons of modern warfare, there might well arise a complete paralysis of the Organization's effective power to maintain peace. It will be recalled that great emphasis has been laid by those who framed the Charter of the United Nations Organization on the importance of the Organization having at its command overwhelming force. This realistic basis of the authority of the Organization was widely acclaimed as an advance on the League of Nations. But if the Organization does not possess modern weapons of mass warfare, it will not possess this essential element of overwhelming force. The authors of the Atomic Energy Declaration have themselves recognized, in paragraph 3 of the Declaration, that "no system of safeguards that can be devised will of itself provide an effective guarantee against production of atomic weapons by a nation bent on aggression." It is surely an unavoidable consequence of this statement that the Organization itself should have atomic weapons at its disposal.

It may be argued that so long as the veto power of permament members of the Security Council exists no purpose would be served by the Organization having atomic weapons at its command, because an individual member of the Security Council could always veto their employment against an aggressor. But this argument applies to any force placed at the disposal of the Security Council. It has always been recognized that a permament member could by its veto paralyse the enforcement provisions of the Charter, but this fact did not prevent the provision of armed forces to be employed by the Organization against aggressors. Atomic weapons are only another form of force.

During the Washington discussions agreement seems to have been reached on the principle of the prohibition of atomic warfare, but there was also agreement that prohibition alone was worse than useless as it merely gave a feeling of false security without doing anything to make that security effective. If it is admitted that an aggressive state will, despite all possible safeguards, be able to produce atomic weapons, then for the Organization itself to renounce such weapons is to make plain to the world its naked incapacity to deal with the most dangerous form of aggression. Such a decision would offer a standing invitation to any aggressor to proceed with the secret production of atomic weapons in the certainty that the Organization of peace loving states will have only relatively obsolete armaments at its command.

The prohibition of atomic weapons combined with safeguards which can never be completely adequate to prevent the production and use of these weapons by an aggressor affords no guarantee of the power of the Organization to maintain world security. The Organization must, as the architects of the Charter understood, be armed with overwhelming force, and force in the modern world will reside in the possession of atomic weapons and other weapons of mass destruction. It follows that while every effort should be made to eliminate these weapons from national armaments, they should be retained by the Organization. It may also follow that such weapons should be entrusted to a genuinely international army-air force responsible to the Organization. This would be the first step in the direction indicated by the Prime Minister in

his speech in the House of Commons on December 17th when he spoke of "some form of world government restricted at least at the outset to matters pertaining to the prevention of war and the maintenance of international security."

**659.** DEA/201-Bs

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 271 Ottawa, December 21, 1945

IMPORTANT. TOP SECRET. Your telegram No. 249 of December 19th.[†] We received from the United States State Department on December 11th the original draft of the United States Government's proposals for communication to the Soviet Government concerning the establishment of a United Nations Commission on atomic questions.[58] Since the draft recommendation met on the whole our point of view as communicated to your High Commissioner here on November 29th and since we would not be taking part in the Moscow discussions of these matters, we have confined ourselves to informing the United States Government that we do not desire to offer any comments on the draft proposals which the Secretary of State intends to present to the Soviet Government on behalf of the Government of the United States.

2. A comparison of the draft of December 11th with the revised draft[59] quoted in your telegrams 250[†] and 251[†] shows that Mr. Byrnes has decided to follow the language of the Washington Declaration of November 15th with much greater fidelity. We consider this an improvement as otherwise there might be a tendency on the Soviet side to argue that the proposals presented in Moscow bore at certain points a different interpretation to the Washington Declaration.

3. We do not, however, regard ourselves as being in any way precluded from making further comments and suggestions on the form and substance of the recommendations to be placed before the United Nations Organization.

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[58]Voir le document 649./See Document 649.

[59]Publié dans États-Unis./Published in United States.
*Foreign Relations of the United States*, 1945, Volume II, pp. 663-6.

**660.** DEA/201-s

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Ambassador in United States*
*to Associate Under-Secretary of State for External Affairs*

TOP SECRET Washington, December 22, 1945

Dear Hume [Wrong],

I am sending to you herewith some "atomic"[60] documents which I have received from Roger Makins. Fortunately we did not have our meeting yesterday as General Groves was out of town and will not now be back before Christmas. Pending more specific instructions I shall be guided by your teletype EX-4278 of December 20. It would be helpful, however, to have a policy decision as soon as possible, whether we are to participate in the work of the two agencies in question. As you know, I have some doubts about the wisdom of such participation, but after further consideration I think it would be difficult for us to withdraw now from the Combined Policy Committee. That being the case, I think we will also have to accept membership in the Combined Development Trust.

I do not think that I am supposed to send copies of these documents to you, but I am taking that risk because there is not much likelihood of your securing them from any other sources. They are, of course, *not* for circulation.

I should add that I saw Roger Makins this morning about this matter and he indicated that London would probably have some further suggestions to make to the Combined Policy Committee draft declaration. They are, I gather, not quite happy about paragraph 4, the pledge of cooperation.[61]

Yours sincerely,

MIKE [PEARSON]

[PIÈCE JOINTE 6/ENCLOSURE 6]

*Nouveau projet de déclaration de fiducie*

*Redraft of Declaration of Trust*

TOP SECRET

THIS AGREEMENT AND DECLARATION OF TRUST is made . . . . . by . . . . . on behalf of the United States of America, by . . . . . on behalf of the Government of the United Kingdom of Great Britain and Northern

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[60]Une seule pièce jointe est reproduite ici.
Only one of the enclosures is reproduced here.

[61]La note suivante était écrite sur cette lettre:
The following note was written on this letter:
Note—Received by Security bag on December 31st. H. W[rong]

Ireland, and by . . . . . on behalf of the Government of Canada. The said Governments are hereinafter referred to as "the Three Governments";

WHEREAS it is in the common interest of the Three Governments to ensure the acquisition of an adequate supply of uranium and thorium ores; and

WHEREAS it is the intention of the Three Governments to secure to the fullest extent practicable supplies of uranium and thorium ores within the boundaries of such areas as come under their respective jurisdictions; and

WHEREAS the Government of the United Kingdom of Great Britain and Northern Ireland is in communication with the Governments of the Dominions (excluding Canada) and the Governments of India and of Burma for the purpose of securing that such Governments shall bring under control deposits of the uranium and thorium ores within their respective territories; and

WHEREAS it has been decided to establish a joint organisation for the purpose of securing supplies of uranium and thorium ores:

NOW IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:

1. (1) There is established in the City of Washington, District of Columbia, a Trust to be known as "The Combined Development Trust."

(2) The Trust shall be composed of and administered by six persons who shall be appointed, and shall be subject to removal by the Combined Policy Committee established by the Three Governments.

2. The Trust shall use its best endeavours to gain control of and develop the production of the uranium and thorium ores and for that purpose shall take such steps as it may in the common interest think fit to:

a. Explore and survey sources of uranium and thorium supplies.

b. Develop the production of uranium and thorium by the acquisition of mines and ore deposits, mining concessions or otherwise.

c. Provide with equipment any mines or mining works for the production of uranium and thorium.

d. Survey and improve the methods of production of uranium and thorium.

e. Acquire and undertake the treatment and disposal of uranium and thorium and uranium and thorium materials.

f. Provide storage and other facilities.

g. Undertake any functions or operations which conduce to the effective carrying out of the purpose of the Trust in the common interest.

3. (1) The Trust shall carry out its functions under the direction and guidance of the Combined Policy Committee, and its agenda, and all uranium and thorium and all uranium and thorium ores and supplies and other property acquired by the Trust shall be held by it in trust for the Three Governments jointly, and disposed of or otherwise dealt with in accordance with the direction of the Combined Policy Committee.

(2) The Trust shall submit such reports of its activities as may be required from time to time by the Combined Policy Committee.

4. For the purpose of carrying out its functions, the Trust shall utilise whenever and wherever practicable the established agencies of any of the Three Governments, and may employ and pay such other agents and employees as it considers expedient, and may delegate to any agents or employees all or any of its functions.

5. The Trust may acquire and hold any property in the name of nominees.

6. All funds properly required by the Trust for the performance of its functions shall be provided as to one-half by the Government of the United States of America and the other half by the Government of the United Kingdom of Great Britain and Northern Ireland.

7. In the event of the Combined Policy Committee ceasing to exist, the functions of the Committee under the Trust shall be performed by such other body or person as may be designated by the President for the time being of the United States of America, the Prime Minister for the time being of the United Kingdom of Great Britain and Northern Ireland, and the Prime Minister of Canada.

8. This Agreement and Declaration of Trust shall supersede, as from its date, the Agreement and Declaration of Trust made on June 13th, 1944 by the President of the United States and the Prime Minister of Great Britain. It shall remain in full force and effect from the date hereof until terminated by mutual consent on the request of any of the parties and shall be subject to revision or extension at any time by mutual consent.

(Signed) .....

ON BEHALF OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA

(Signed) .....

ON BEHALF OF THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

(Signed) .....

ON BEHALF OF THE GOVERNMENT OF CANADA

**661.** DEA/201-Bs

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux Etats-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-4310 Ottawa, December 25, 1945

TOP SECRET. Following for Pearson from Wrong, Begins: My EX-4298 of December 22nd.[1] Establishment of United Nations Atomic Commission.

1. We are informed from London that the final comuniqué of the Moscow meeting will contain the text of the recommendation which the three Foreign Ministers have agreed to sponsor at the General Assembly. This is being submitted to the Chinese, French and Canadian Governments in the hope that

they will also act as sponsors. I am not telegraphing the text to you as you will get it from the communiqué.

2. You will note that the principal change made at Soviet insistence has been to place the Commission under the general direction of the Security Council rather than the Assembly. On the other hand Mr. Molotov has agreed to the inclusion of language based on paragraph 8 of the Washington Declaration concerning procedure by separate stages. (Mr. Byrnes explained that this had been inadvertently omitted from his original paper).

3. We should like your views (as an atomic expert) on the acceptability of the recommendation. Since we have always felt that the Commission should have much the same composition as the Security Council, I am inclined to think that it will not hamper unduly its activities for it to be placed under the Security Council, although this undoubtedly will leave more openings for the use of the veto as a method of bargaining both in framing and carrying out recommendations of the Commission.

**662.** DEA/201-Bs

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 425 Ottawa, December 27, 1945

Sir:

I have the honour to transmit to you the following communication from the Secretary of State of the United States of America:[62]

"The Governments of the Union of Soviet Socialist Republics, United Kingdom and United States of America consider that it is of the highest importance to establish without delay a commission under the United Nations Organization to study and make recommendations upon the vital problems raised by the discovery of atomic energy and other related matters. The three governments believe that the initiative for the establishment of this commission should be taken by the five permanent members of the Security Council of the United Nations together with Canada, as partner in the development of atomic energy. They consider that this initiative could best take the form of a resolution to be placed on the agenda of the first meeting of the General Assembly of the United Nations, which is due to be held in London in January next.

For this purpose the three governments recommend the following text:

'Resolved by the General Assembly of the United Nations to establish a commission, with the composition and competence set out hereunder, to deal

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[62]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
P.M. has approved our concurrence.

with the problem raised by the discovery of atomic energy and other related matters.

I. Establishment of the commission.

A commission is hereby established by the General Assembly with the terms of reference set out under Section 5 below.

II. Relations of the commission with the organs of the United Nations.

(a) The Commission shall submit its reports and recommendations to the Security Council, and such reports and recommendations shall be made public unless the Security Council, in the interests of peace and security, otherwise directs. In the appropriate cases the Security Council should transmit these reports to the General Assembly and the members of the United Nations, as well as to the Economic and Social Council and other organs within the framework of the United Nations.

(b) In view of the Security Council's primary responsibility under the Charter of the United Nations for the maintenance of international peace and security, the Security Council shall issue directions to the Commission in matters affecting security. On these matters the Commission shall be accountable for its work to the Security Council.

III. Composition of the Commission.

The Commission shall be composed of one representative from each of those states represented on the Security Council, and Canada when that state is not a member of the Security Council. Each representative on the Commission may have such assistants as he may desire.

IV. Rules of Procedure.

The Commission shall have whatever staff it may deem necessary, and shall make recommendations for its rules of procedure to the Security Council, which shall approve them as a procedural matter.

V. Terms of Reference of the Commission.

The Commission shall proceed with the utmost dispatch and inquire into all phases of the problem, and make such recommendations from time to time with respect to them as it finds possible. In particular the Commission shall make specific proposals:

(a) for extending between all nations the exchange of basic scientific information for peaceful ends;

(b) for control of atomic energy to the extent necessary to ensure its use only for peaceful purposes;

(c) for the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction;

(d) for effective safeguards by way of inspection and other means to protect complying states against the hazards of violations and evasions.

The work of the Commission should proceed by separate stages, the successful completion of each of which will develop the necessary confidence of the world before the next stage is undertaken. The Commission shall not infringe upon the responsibilities of any organ of the United Nations, but

should present recommendations for the consideration of those organs in the performance of their tasks under the terms of the United Nations Charter.'

In my capacity as chairman of the meeting at which the foregoing was agreed, I have the honour to extend on behalf of the Governments of the Union of Soviet Socialist Republics, United Kingdom and United States of America a cordial invitation to the Government of Canada to join with them in sponsoring the above resolution. In order that the necessary steps may be taken to place this draft resolution on the agenda of the General Assembly, the three Governments would be grateful to receive an early reply to this invitation.

A similar invitation is being extended to the Governments of France and China."

Accept etc.

[RAY ATHERTON]

**663.** DEA/201-Bs

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-6431 Washington, December 28, 1945

IMMEDIATE. TOP SECRET. Following for Wrong from Pearson, Begins: Your EX-4310, December 26th, proposal for establishment of United Nations Atomic Commission. The Moscow communiqué states that we are to be asked to sponsor this proposal. I assume this means that if we accept sponsorship, we will have to support the proposal in all its details. Some of these details, however, will undoubtedly cause considerable discussion and some objection at the proposed Assembly. The United States original recommendation,[63] for instance, correctly states that the General Assembly is the only Body under the terms of the Charter with the authority to examine the entire problem of atomic energy and that the reports of any Commission set up by the General Assembly should be made to the Assembly. In spite of this, the Moscow recommendation states that the Commission should report to the Security Council even though it is a Commission set up by the Assembly. This procedure will not, of course, find favour with many members of the Assembly. Furthermore, the reports of the Commission are to be made public only when the Security Council approves of this and are to be transmitted to the General Assembly only "in appropriate cases". Presumably any permanent member of the Security Council could veto either publicity or transmission. I think there is a good deal to be said for putting the Commission under the Security Council, but even more to be said for making its reports, without exception, available to the Assembly for its information. If this cannot be done under the Moscow recommendation, and if we are a sponsor of that recommendation, are we

[63]Voir le document 649./See Document 649.

thereby prevented from supporting proposals in the forthcoming Assembly to ensure that the Assembly shall be given unfettered right to discuss every aspect of the control of atomic energy? I hope not. Sponsorship of this Moscow proposal, then, which in the circumstances it would be difficult to refuse, may mean either

(a) supporting certain detailed points on which we may have some doubts and about which we were not consulted, or

(b) sitting back and letting the three sponsors who drafted the proposals bear the responsibility of justifying them to the Assembly. Neither course is an attractive one.

2. Section 4 of the proposal deals with Rules of Procedure. Apparently the Security Council is to approve of these by a non-veto majority. It should be possible, therefore, to have these rules provide that no member of the Commission shall exercise a veto over its decisions.

3. I would not have you think from the above that I do not realize that the acceptance by the U.S.S.R. of this proposal for the establishment of an Atomic Commission is a very considerable achievement, even though it does not commit the U.S.S.R. to anything except the establishment of the Commission with agreed terms of reference. Some of the radio commentators within the last twenty-four hours speak as if international control of atomic energy is already established. That battle remains to be fought, but nevertheless a good beginning has been made. All I am worried about is that by our sponsorship of the proposal we will be unable to initiate, or possibly even approve, amendments to it which would improve it. Ends.

**664.** W.L.M.K./Vol. 234

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

TOP SECRET [Ottawa,] December 29, 1945

With regard to the agreement reached at Moscow concerning the Commission on atomic questions, I attach the following papers:

1. A copy of Mr. Atherton's note of December 27th in which we are invited to join in sponsoring the resolution prepared at Moscow.

2. A copy of message WA-6431 of December 28th from Mr. Pearson in Washington commenting on the acceptability of this resolution from the Canadian point of view.

3. A draft reply to Mr. Atherton[1] for your consideration.

4. Notes on the Canadian reply which might be communicated verbally to Mr. Atherton when he is handed the formal answer.

Pearson's comments on the possible difficulties in our sponsoring the resolution at the Assembly raise a real problem. We should not, in agreeing to

act as sponsor, so tie our hands that we cannot support a reasonable attempt to clarify the language of the Moscow draft. Unless some clarification is made, there is a danger that the individual veto of the great powers may cast its influence over the treatment of its reports and recommendations in the Security Council.

Our formal reply will be communicated by Mr. Byrnes to the U.K. and Soviet Governments. The informal commentary which might accompany it need, I think, be given only to Washington and London.

There is a fair degree of urgency about answering since the resolution must be placed on the agenda of the Assembly under the draft rules not less than six days before the opening date of January 10th.

[PIÉCE JOINTE/ENCLOSURE]

*Notes sur une réponse*

*Notes on Reply*

SECRET [Ottawa,] December 29, 1945

Although we are ready to accept the resolution which has been drafted by the Foreign Ministers in Moscow concerning the constitution of the United Nations Commission on atomic questions, this decision has not been reached without some misgiving. In Mr. Byrnes' original draft of this resolution, which was annexed to the Aide-Mémoire sent to the Canadian Ambassador in Washington by the Secretary of State on December 11th, it was stated — in our view accurately — that the General Assembly was "the only body, under the terms of the Charter, possessing the authority to examine the entire problem of atomic energy." In the course of the Moscow discussions, however, the Commission although to be established by the General Assembly has been subordinated to the Security Council in its operations.

We are gratified that agreement was reached at Moscow with the Soviet Government to seek a solution of the problems created by the discovery of atomic energy on the lines set forth in the Washington Declaration of November 15th and we consider that it has been a considerable achievement to secure the acceptance by the Soviet Government of the establishment of the Commission with these terms of reference. A good beginning has thus been made.

We are, however, somewhat disturbed lest the language employed in Section II of the draft resolution might result in limiting or even blocking the usefulness of the Commission through the exercise of the power of veto in the Security Council by one of its permament members. Since the Commission is to be set up by the Assembly, there is likely to be objection in that body to the acceptance of the resolution without some clarification of its terms in this respect. This objection seems likely to center on two questions:

1. Could a permanent member of the Security Council block the publication of the reports and recommendations of the Commission?

Since under the draft the Security Council would have to direct that publication should not take place (publication failing such direction presumably being automatic), it may be that the individual veto would not operate on such a motion.

2. Could a permanent member of the Security Council block the transmission of such reports and recommendations to the Assembly, to Member Governments and to other organs of the United Nations?

It would appear that this could be done unless it is recognized that the transmission of reports and recommendations to other bodies is a procedural matter. The final sentence of the resolution providing that the Commission should present recommendations for the consideration of organs of the United Nations in the performance of their tasks under the Charter would seem to support the view that this question of transmission of reports to other bodies is a question of procedure.

There is perhaps not a great danger that the veto power would be directly employed to prevent the publication or transmission of reports of the Commission. Unless, however, it is understood that the veto power cannot be so employed, its existence would be certain to affect both the consideration of the Commission's reports in the Security Council and the actual work of the Commission itself. If a single member of the Commission were in a position to say that his Government would not accept such and such a proposal and would employ its veto if included in a report, he could exercise an undue influence within the Commission. In such connections the long shadow of the veto power might obscure the real issues and exercise a more important effect on the results than the actual casting of a negative vote in the Security Council.

We have, therefore, felt it desirable to place our understandings on record. Should there be a strong demand in the General Assembly for the amendment of the resolution to make clear the points in question, we do not wish the Canadian delegation to be placed in a position in which it could not support the insertion of clarifying language because of the fact that the Canadian Government is one of the joint sponsors of the resolution.

**665.** DEA/201s

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*
*Memorandum by Associate Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa,] December 29, 1945

Mr. Pearson told me on the telephone yesterday that there had been a meeting that day of the Drafting Committee of the C.P.C. at which draft

agreements had been prepared for further consideration covering the constitution of the C.P.C. and the functions of the C.D.T. He said that he and Mr. Bateman both felt that these new drafts sufficiently safeguarded the Canadian position in view of the reservations which we had expressed about the relationship of Canada to the C.D.T.

He also said that he thought it would be possible to stall further action on these documents for a while, so that they could be considered, before being submitted to the C.P.C., by Mr. Howe after his return from the West Indies. I suggested that he should bring the drafts to Ottawa himself so that he could explain them fully to the Prime Minister and Mr. Howe before they were formally laid before the C.P.C. He agreed that this would be a good method of procedure. He will in the meantime send up the drafts by bag.

H[UME] W[RONG]

**666.** DEA/201s

*L'ambassadeur aux États-Unis*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Ambassador in United States*
*to Associate Under-Secretary of State for External Affairs*

TOP SECRET Washington, December 29, 1945

Dear Hume [Wrong]:

We had a second meeting yesterday morning of the drafting committee working on the Memorandum of Agreement to replace the Quebec Atomic Policy Agreement. General Groves was not in a very good mood, as he felt that the Moscow decisions announced that morning had sold the United States out to the U.S.S.R. in so far as atomic energy was concerned. His views on international affairs — or most of them — are worthy of the "*Times Herald*."

Roger Makins produced a second draft Memorandum of Agreement embodying suggestions made at our first meeting and one or two additional ones sent from London. That second draft is attached to this letter as Annex 1. We went over it paragraph by paragraph.

*Preamble.* General Groves thought that the first "WHEREAS" paragraph might be removed, and I supported him in this. I think the phrase "fruitful in its results" might be open to ironic misinterpretation. The rest of the preamble remains unchanged.

*Paragraph 1.* The underlined words were included to meet a point I made at the earlier meeting. They are, however, not quite satisfactory in this regard as they seem to assume the possibility of a wider agreement, not only on control and prohibition of atomic weapons, but also over their use. This was not intended, but it was agreed that the wrong impression might be created by the words as they now stand. We decided, therefore, to cover this point, and also a similar point in paragraph 4, which refers to allocation of supplies for military purposes, by putting a new paragraph at the beginning of the Memorandum which makes all its recommendations subject to any wider international agreement to which the three Governments may become parties, for the control or prohibition of atomic weapons.

*Paragraph2.* We had some discussion over this. I pointed out that as it now stands, any one of the three Governments could disclose any information concerning atomic energy to another government without prior agreement with the other signatories to the Agreement. The only obligation is to consult. General Groves, however, said that this was done deliberately as it was felt that there might be certain occasions when agreement to disclose information would be impossible and yet one Government might wish to do so.

*Paragraph 3* was accepted as re-drafted.

*Paragraph 4* caused considerable discussion and in its new form should meet our point that the Combined Development Trust will purchase from us all uranium supplies which we produce on the basis of the policy laid down by the Combined Committee, with the exception of those supplies allocated directly to us. I have not yet shown this paragraph to Bateman, but I think it will meet with his approval.

*Paragraph 5* in its re-drafted form was unacceptable to General Groves. The U.K. Government attach great importance to a specific commitment for full and effective co-operation between the three Governments in the whole field of atomic development. If this can be accepted in principle, they are willing to qualify the implementation of the principle by the words of the second sentence. General Groves, however, prefers the earlier paragraph and remains opposed to any wider pledge of co-operation. However, he has agreed to re-examine the matter. I suspect, however, that we will have to submit both drafts of this paragraph to the Combined Policy Committee and let them choose.

*Paragraph 6.* No change.

We also agreed that there should be a tie-up between the draft Memorandum of Agreement and the draft Declaration of Trust by a reference to the latter in the former.

In so far as the draft Declaration of Trust is concerned, there is a change in paragraph 2, section (e). General Groves does not like the obligation expressed therein for the Trust to "undertake the treatment and disposal" etc. He is going to attempt to re-draft this, making the obligation a little less specific. He does not want to get the Trust into the business of refining.

There is also a consequential change required in the Declaration of Trust if the amendments to paragraph 4 of the Memorandum of Agreement are accepted. That change and a further less important change is attached to this letter as Annex II.

Yours sincerely,

L. B. PEARSON

[PIÈCE JOINTE 1/ENCLOSURE 1]

TOP SECRET

*Projet de mémorandum d'accord*[44]

*Draft Memorandum of Agreement*[44]

WHEREAS the association of the Governments of the United States, the United Kingdom and Canada in the development of atomic energy during the second world war was fruitful in its results; and

WHEREAS the President of the United States, the Prime Minister of Great Britain and Northern Ireland, and the Prime Minister of Canada have expressed the desire that there should be full and effective cooperation between the United States, the United Kingdom and Canada in the field of atomic energy;

The Government of the United States, the Government of the United Kingdom of Great Britain and Northern Ireland, and the Government of Canada are agreed as follows:

1. *Subject to any wider agreements to which they may subsequently become parties*, the three Governments will not use atomic weapons against other parties without prior consultation with each other;

2. The three Governments agree not to disclose any information *to* or enter into negotiations concerning atomic energy with other governments or authorities or persons in other countries except in accordance with agreed common policy or after due prior consultation with one another;

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[44]Les mots en italique étaient soulignés dans l'original.
The words in italics were underlined in the original.

3. The three Governments will take measures so far as practicable to secure control and possession, by purchase or otherwise, of all deposits of uranium and thorium situated in areas comprising the United States, its territories or possessions, the United Kingdom and its Colonial dependencies, and Canada. They will also, *jointly and severally, as may be appropriate*, use every endeavour with respect to the remaining territories of the British Commonwealth and other countries to acquire all available supplies of *uranium ores and concentrates and thorium minerals*. All supplies thus acquired will be subject to allocation by the Combined Policy Committee.

4. The supplies acquired under the arrangements provided for in the preceding paragraph shall be allocated *by the Combined Policy Committee* to the three Governments in such quantities as may be needed, in the common interest, for scientific research, military, and humanitarian purposes. Such supplies as are not allocated for these purposes *shall be offered for sale to the Combined Development Trust which will hold the supplies thus purchased on behalf of the three Governments jointly*. The disposal of these supplies shall be determined by the Combined Policy Committee at a later date in the light of the then existing conditions and on a fair and equitable basis. *Supplies in the ownership of the Trust allocated to one of the three Governments will be resold to that Government by the Trust.*

4. (a) *The Combined Policy Committee will discuss and settle the policy to be followed in the mining and producing of uranium ores and concentrates and thorium minerals, and the Combined Development Trust will not be obliged to purchase supplies mined and produced otherwise than in accordance with the policy thus laid down.*

5. *There shall be full and effective cooperation between the three Governments in regard to the exchange of information concerning the development of atomic energy. Insofar as such exchange relates* to the development, design, construction and operation of plants, *its implementation shall be regulated* by *ad hoc* arrangements approved by the Combined Policy Committee.

6. The Combined Policy Committee, already established and constituted so as to provide equal representation to the United States on the one hand and to the Governments of the United Kingdom and Canada on the other, shall carry out the policies provided for, subject to the control of the respective governments. To this end, the Committee shall:

1. Review from time to time the general programme of work being carried out in the three countries.

2. Allocate materials in accordance with the principles set forth in the fourth paragraph above.

3. Settle any questions which may arise concerning the interpretation and application of arrangements regulating cooperation between the three Governments.

[PIÈCE JOINTE 2/ENCLOSURE 2]

TOP SECRET

*Amendments au nouveau projet de la déclaration de fiducie*[65]

*Amendments to Redraft of Declaration of Trust*[65]

1. For "uranium and thorium ores" read throughout "uranium ores and concentrates and thorium minerals."

2. Add to paragraph 3 following sub-paragraphs after 3 (1): —

(2) The Trust is not obliged to acquire supplies mined and produced otherwise than in accordance with mining and production policy discussed and settled by the Combined Policy Committee.

(3) Supplies in ownership of the Trust allocated to one of the three Governments will be resold to that Governments by the Trust.

3. 3 (2)becomes (4).

[65]Voir la pièce jointe du document 660./See enclosure to Document 660.

119 139:35 line 2--Galley 1086

# CHAPITRE VI/CHAPTER VI

# ORGANISATIONS ET CONFÉRENCES INTERNATIONALES
# INTERNATIONAL ORGANIZATIONS AND CONFERENCES

## PARTIE 1/PART 1

## ORGANISATION INTERNATIONALE DU TRAVAIL
## INTERNATIONAL LABOUR ORGANIZATION

**667.** DEA/74-M-40

*Le directeur par intérim, le Bureau international du Travail,*
*au ministre du Travail*

*Acting Director, International Labour Office,*
*to Minister of Labour*

Montreal, January 19, 1944

Sir,

1. I have the honour to confirm my telegram,[1] despatched from London on 20 December 1943,[1] by which I communicated to you the decision of the Governing Body of the International Labour Office, at its Ninety-first Session (London, December 1943) to convene the XXVIth Session of the International Labour Conference on 20 April 1944.

2. *Agenda of the Conference*

I have also to confirm that the Agenda of the Conference adopted by Governing Body, as communicated to you by my aforesaid telegram, is as follows:

I. Future policy, programme and status of the International Labour Organisation.
II. Recommendations to the United Nations for present and post-war social policy.
III. The organisation of employment in the transition from war to peace.
IV. Social security: Principles, and problems arising out of the war.
V. Minimum standards of social policy in dependent territories.
VI. Reports on the application of Conventions (Article 22 of the Constitution).
VII. Director's Report.

I have the honour to enclose a number of copies of an explanatory memorandum[1] which the International Labour Office has prepared, in the light of the discussions in the Governing Body, in order to provide some preliminary information on the scope and purport of the several items on the Agenda of the Conference, in regard to which reports will be forwarded to you as soon as possible.

It should be noted that the Governing Body decided that the questions numbered III, IV, and V, should be placed on the Agenda under the provisions of Articles 3 and 19 of the Constitution of the Organisation. In virtue of these provisions, each Delegate to the Conference may be accompanied by two advisers for each of these three questions. Moreover, should the Conference decide on the adoption of proposals with regard to any one of these three items, it will rest with the Conference to decide whether these proposals should take the form of Recommendations or Draft Conventions; it is, however, the intention of the Office, as explained in the enclosed memorandum, to include in the reports on the various items on the Agenda proposals for several Recommendations but only one draft for a Convention, dealing with a special aspect of the problem of social insurance, which from its nature can only be appropriately dealt with in a Convention.

3. *Place of the Session of the Conference*

The Governing Body decided, on the invitation of the Government of the United States of America, that the Session of the Conference should be held in the United States, probably in Philadelphia; a further communication will be made to you on this subject. In coming to this decision the Governing Body was guided by the resolution unanimously adopted by the Conference of the International Labour Organisation in New York (October-November 1941), which runs as follows:

"The Conference of the International Labour Organisation places it on record for the information of the Governing Body that the members of the present Conference advise that the next session of the International Labour Conference may be held outside of Geneva if circumstances should so require."

4. *Organization of the Conference*

In addition to explanations about the Agenda of the Conference, the enclosed memorandum also contains information on certain decisions of the Governing Body and of the Conference respecting the composition of delegations and on various provisions of the Standing Orders.

5. *Credentials and draft resolutions*

I venture to draw your attention to the importance for the efficient working of the Conference of the observation of the statutory time limits for the communication of credentials of members of delegations (not later than 6 April

1944) and of draft resolutions other than those relating to a question on the Agenda (not later than 13 April 1944).

6. *Documents of the Conference*

The International Labour Office is preparing reports on the several points enumerated in the second paragraph above. Every effort will be made to ensure that those reports are communicated to you as soon as possible.

7. *Election of the Governing Body*

Finally, I have to remind you that the Governing Body, which was last appointed for a period of three years in 1937, decided at its 90th Session (New York, October-November 1941) that it should continue in office, as last constituted, until a regular Session of the International Labour Conference could be held at which a new election of members of the Governing body could take place. It will therefore be for the Government delegates to the Twenty-sixth Session of the Conference, other than those representing the eight States of chief industrial importance, and for the delegates representing the employers and workers respectively to take the necessary decisions concerning their representatives on the Governing Body at the forthcoming Session of the Conference.

I have etc.

E. J. PHELAN

**668.** DEA/74-M-40

*Décret en Conseil*
*Order in Council*

P.C. 2303 Ottawa, March 30, 1944

The Committee of the Privy Council, on the recommendation of the Secretary of State for External Affairs, concurred in by the Minister of Labour, advise that the undermentioned persons be designated to attend the Twenty-sixth Session of the International Labour Conference, opening on April 20th, 1944, at Philadelphia, U.S.A.:—

*Minister of Labour of Canada:*
The Honourable Humphrey Mitchell,

*Government Delegates:*
Mr. Paul Martin, M.P., Parliamentary Assistant to the Minister of Labour, Ottawa;
Mr. Brooke Claxton, K.C., M.P., Parliamentary Assistant to the President of the Privy Council, Ottawa;

*Alternate Government Delegates:*
Mr. Arthur MacNamara, Deputy Minister of Labour, Ottawa; and
Mr. Vincent C. MacDonald, K.C., Assistant Deputy Minister of Labour, Ottawa.

*Technical Advisers and Alternate Advisers to the Government Delegates:*

Mr. W. D. King, Deputy Minister of Trade and Industry for Alberta, Edmonton, Alta.;
The Honourable James O. McLenaghen, Minister of Labour for Manitoba, Winnipeg, Man.;
The Honourable L. D. Currie, Minister of Labour for Nova Scotia, Halifax, N.S.;
The Honourable Charles Daley, Minister of Labour for Ontario, Toronto, Ont.;
Mr. J. O'Connell-Mahar, Associate Deputy Minister of Labour for Quebec, Quebec, P.Q.;
Mrs. Cora Casselman, M.P., Ottawa;
Mr. Alfred Charpentier, President, Confederation of Catholic Workers of Canada, Inc., Quebec, P.Q.;
Mr. Walter S. Woods, Associate Deputy Minister, Department of Pensions and National Health, Ottawa;
Mr. H. C. Goldenberg, Department of Munitions and Supply, Ottawa;
Mr. Allan Mitchell, Director of Employment Service, Department of Labour, Ottawa;
Mr. Alfred Rive, First Secretary, Department of External Affairs, Ottawa;
Mr. Eric Stangroom, Unemployment Insurance Commission, Ottawa.

*Observers:*

Mr. Antonio Garneau, President of the Health Insurance Commission of Quebec;
Mr. J. P. Despres, Secretary, Superior Labour Council of Quebec, Quebec, P.Q.;

*Employers' Delegate:*

Mr. W. C. Coulter, President, Coulter Copper & Brass Co., Ltd., Toronto, Ont.

*Technical Advisers to Employers' Delegate:*

Prof. J. C. Cameron, Queen's University, Kingston, Ont.;
Mr. J. R. Kimpton, Assistant Manager, Dept. of Personnel, Canadian Pacific Railway, Montreal, P.Q.;
Mr. H. W. Macdonnell, Legal Secretary, Canadian Manufacturers' Association, Toronto, Ont.;
Mr. Ralph Presgrave, Vice-President, J. D. Woods Ltd., Toronto, Ont.;
Mr. Allan C. Ross, Ross-Meagher, Ltd., and Ontario Vice-President of Canadian Construction Association, Ottawa.

*Workers' Delegate:*

Mr. Percy R. Bengough, President, Trades and Labour Congress of Canada, Ottawa.

*Technical Advisers to Workers' Delegate:*

Mr. Wm. L. Best, C.B.E., Vice-President and Legislative Representative of the Brotherhood of Locomotive Firemen and Enginemen and Secretary of Dominion Joint Legislative Committee, Railway Transportation Brotherhoods, Ottawa.
Mr. George Burt, Regional Director, United Automobile Workers of America, Windsor, Ont.;
Mr. Robert Carlin, M.P.P., International Board Member, International Union of Mine, Mill & Smelter Workers, Sudbury, Ont.;
Mr. Norman S. Dowd, Executive Secretary, Canadian Congress of Labour, Ottawa;
Mr. Ernest Ingles, Vice-President, International Brotherhood of Electrical Workers, London, Ont.;
Mr. Edward Larose, General Representative, United Brotherhood of Carpenters and Joiners of America, Montreal, P.Q.

A. D. P. HEENEY
Clerk of the Privy Council.

**669.** DEA/74-M-40

*Le ministre, l'ambassade aux États-Unis,*
*au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Minister, Embassy in United States,*
*to Assistant Secretary of State for External Affairs*

Washington, April 11, 1944

Dear Mr. Wrong,

Thank you for the I.L.O. Report[1] on Item 1 of the agenda for the forthcoming conference, "Future Policy, Programme and Status." I have managed to read it, but wish I had more time to send to you and Mr. Rive my views on some of the very important matters discussed therein.

It seems clear that the I.L.O. is attempting to establish for itself a very important place in the post-war international set-up. This is, of course, perfectly understandable, and no one can take exception to it if the I.L.O. is the most competent body to fill the place proposed. That, I think, is a debatable point. The fact that the I.L.O. is a pre-war organization has some bearing on it, though there may be a tendency to over-emphasize this factor at a time when new international agencies are being established or contemplated on a United Nations, rather than on a wider international, basis.

Certainly the ambitious programme outlined in the I.L.O. Report will be of very considerable interest, not only to governments, but also to United Nations organizations such as the Interim Food Commission. The I.L.O. report itself recognizes this fact and does, it is true, make very broad and concrete suggestions for co-operation. Nevertheless, it seemed to me as I read the Report that the emphasis was placed not so much on co-operation as on the desirability of the I.L.O. playing a predominant part in international economic and social questions. This emphasis may, of course, be partly defensive in character and spring from a tendency in other quarters to ignore, sometimes deliberately, the I.L.O. and other pre-war international organizations. It is quite true that there are those who would like to start all over again in international organizations and to discard, at least institutionally, practically everything that existed before 1939. This tendency is not, I think, so strong now as it was a year or so ago, but is probably strong enough to arouse a certain defensive-offensive reaction in the minds of the I.L.O. and League officials.

The proposed formal Declaration on General Principles which the Conference is to be asked to accept confirms, I think, the feeling that I have expressed in the preceding paragraph, that the I.L.O. has ambitious plans for its own future. The Conference is to declare through this Declaration that it is the "responsibility of the I.L.O. to scrutinize all international economic and financial policies and measures. . . . . .and consider all relevant economic and financial factors and include in its decisions and recommendations any provisions which it considers appropriate." That is pretty far-reaching, in the light of what follows in the Report. For instance, on page 40 of the Report, the

I.L.O. claims a "primary interest in the achievement of harmonious working relationships between all the constituent functional parts of the body of social and economic institutions which the world's needs require." The I.L.O. itself is to be considered not so much as one of those functional parts, but as something above them, to co-ordinate and, in a sense, review and direct their activities. Using its special relationship to "workers" as a basis for the statement, the Report declares that the I.L.O. should not be subordinated to any general world organization; that it "differs from highly specialized international agencies now being envisaged for the discharge of specific responsibilities in the economic field in that it is itself, in virtue of the participation in all its activities of representatives of highly important elements of organized public opinion, potentially an instrument through which there can be achieved both a measure of co-ordination of the work of these specialized agencies and an adequate backing for their work, from public opinion."[1]

The Report goes on to argue that co-ordination of the different fields of international public policy will require both machinery for taking immediate decisions and machinery for general exchange of views on objectives and methods of approach, and suggests that for the fulfilment of this second function the I.L.O. is a uniquely appropriate instrument. In other words, the I.L.O., instead of accepting a place as one functional organization among a group of such organizations under the possible supervision and control of some world economic council, almost claims for itself the right to be considered as that council. I am not sure whether governments or other United Nations organizations will accept that claim.

An interesting development of the above idea is found in the emphasis in the Report on the importance of the Permanent Agricultural Committee of the I.L.O. I am not, of course, disputing that the I.L.O. has a very legitimate interest in agricultural labour questions, but the suggestions made go far beyond that and may well bring the I.L.O. into conflict with the new United Nations Permanent Organization on Food and Agriculture. In view of the development of the new United Nations Agricultural Organization, I should think the I.L.O. would be well advised to play down, rather than play up, its Agricultural Committee. This is certainly not the case in the Report.

The proposal to divorce the I.L.O. budget from that of the League is also, I think, related to the matters that I have discussed above and indicates that the I.L.O. itself is preparing to cut adrift from the pre-war set-up so that it can exercise a greater, almost a dominating, influence in post-war international economic and social organization. There are important references to these financial questions on pages 166 and 167, which you no doubt have noticed. I am rather inclined to think myself that the emphasis in discussing this matter at the I.L.O. Conference should be on the necessity of reaching as soon as possible a single international budget, rather than on the advantage of separate budgets for separate international organizations. As the I.L.O. rightly points

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[1]Note marginale:/Marginal note:
P. 41.

out, such a single budget cannot be worked out until far more information is known about the general number and nature of international agencies which will be in existence, but the principle could, I suppose, be adopted now.

I was glad to note that the I.L.O. rightly emphasized the necessity of close co-operation between various international bodies and that, where the work of those international bodies overlap — and it is impossible always to avoid this — such devices as the "Mixed Committee" should be adopted.

The relationship between the I.L.O. and the United Nations Interim Commission on Food and Agriculture provides a specific illustration of some of the matters I have touched on above. Incidentally, the I.L.O. have invited the Interim Commission to be represented at its sittings and have asked me as Chairman to attend the formal opening. I expect to do this, but someone else will have to take on the job of following the work of the Conference, as I anticipate being in Philadelphia for a couple of days only. Meanwhile, the Interim Commission is producing a memorandum on the Conference; more particularly those aspects of it which are related to our terms of reference. I am sending you a rough draft of the first part of this memorandum which one of the Commission's secretariat is preparing.†

Yours sincerely,

L. B. PEARSON

**670.** DEA/74-M-40

*Article I, l'ordre du jour, la Conférence internationale du Travail*
*Item I, Agenda, International Labour Conference*

[Philadelphia,] April 12, 1944

AGENDA ITEM I REPORT I CHAPTER I AND II PP. 1-47 RESOLUTION I

*Aims and Purposes of the International Labour Organization and its Role in relation to other International Bodies*

It is highly desirable that the formulation of the future policy and programme of the I.L.O. should proceed in harmony with the current proposals and developments respecting post-war international co-operation and organization in the economic field as a whole. Present discussions look to the establishment of the desired international economic institutions on a functional basis. It is suggested that there should be a number of separate agreements and organizations, each of which would cover a particular phase of international economic relations and each institution would possess the powers and organization appropriate to its specialized task. Thus separate international arrangements and organizations are projected in the sphere of monetary and exchange policy, commercial policy, international collaboration to promote full employment, international commodity policy, international investment, food and agriculture, and cartels. It is possible that there may be others. A United Nations Administration for relief and rehabilitation is already established.

It is intended that these various projected arrangements should together constitute an integrated framework of policy and machinery for post-war international economic co-operation. It is hoped that progress in working out the proposals and in reaching agreements would be simultaneous, as far as possible. It is important that the functions which are to be assigned to each of the proposed bodies should be as clear-cut, concrete and specific as they can be made. Since the object is to achieve a better international economic order there may be a tendency for each organization to take on all sorts of vague general purposes which could encompass a very wide range of activities. Furthermore, since all economic matters are related to a greater or lesser degree, duplication and overlapping leading to friction and confusion could easily result. In the drawing up of constitutions and in the definition of policies and functions a serious effort should be made to avoid these consequences from the outset.

The assumption by any one functional organization of an overriding or primary responsibility for such vague and general things as the "social welfare," "freedom from want," "full employment," "raising standards of living" etc. is not only unrealistic but likely to lead to trouble. These worthy objectives cannot be achieved by any unique policy, any one set of activities or any particular institution. The accomplishment of these ends will be the outcome of a proper integration of the policies and a combination of the efforts in all the particular fields that are covered by agreements and specialized organizations. We must look to specific undertakings and action in each of the important spheres of monetary policy, trade, raw material controls, investment, etc. It should be possible to define policies and programmes with respect to exchange rates, trade barriers, regulation of primary products, wage and labour standards, international lending, etc., with a useful degree of concreteness and precision. It should be possible also to establish institutions with primary responsibilities in each of the particular spheres, to obtain appropriate governmental representation and expert personnel for each purpose, and to define the duties of such functional organizations with the necessary clarity. The emphasis should be on the achievement of progress in these directions and not on the extension of the functions of a particular institution to include a long catalogue of vague generalities and unrelated subjects in respect of which the organization concerned has no special competence. Little or nothing will be accomplished by the adoption of general and loose resolutions or recommendations on all manner of admirable economic and moral objectives. Furthermore, the appropriation by some particular institution of the function of "watch dog" for some all-pervading social purpose can produce nothing but difficulty. Progress will come through the development of concrete policies and agreed lines of action by means of the particular arrangements and specialized machinery required for each purpose. Co-ordination will be necessary but that must be accomplished by methods appropriate to this end. It is contemplated that something in the nature of a World Economic Council will be needed to co-ordinate the various functional bodies, including perhaps the I.L.O. Such a council, established perhaps in some suitable relation to the over-all political organization, would have as its

general objective the integration of policies throughout the whole international economic field.

In the light of the foregoing, the argument contained in chapters I and II in the report under consideration raises a number of questions. The things to which positive objection could be taken either in the chapters or in the Proposed Declaration are relatively few but the general tenor of the discussion is disturbing. There is a conscious effort to magnify the functions of the I.L.O. and to aggrandize its purposes much beyond what it is capable or designed to perform. In chapter II an elaborate case is built up on the proposition that the I.L.O. is "a world parliament of social and economic affairs." Consequently, because of the tripartite representation, it is argued that the I.L.O. is "singularly well adapted, to serve as the forum of representative opinion which is one of the necessary instrumentalities for the co-ordination of the work of the various international bodies now envisaged." The work of co-ordination is of the most general interest to governments as a whole and a body upon which they are represented very largely by Departments of Labour is not satisfactory for this purpose, any more than if they were represented by Departments of Agriculture or Trade. The important task of co-ordination is a special problem with wide ramifications which must be dealt with in an altogether different context. Too much should not be allowed on the claim that the I.L.O. is peculiarly fitted for certain large purposes because it includes representatives of workers and employers. It is very doubtful whether the labour or employers delegates, except for a minority of ten or twelve countries, are in fact representative.

A considerable argument is made on the ground that the I.L.O. is somehow the custodian of the "social welfare," or the "social objectives," and that it thereby possesses the keystone of all economic policy. Hence it is suggested in the Proposed Declaration that "The Conference declares that it is accordingly a responsibility of the International Labour Organization to scrutinize all international economic and financial policies and measures in the light of the fundamental objective and that in discharging the tasks entrusted to it the International Labour Organization may consider all relevant economic and financial factors and include in its decisions and recommendations any provisions which it considers appropriate." The "social welfare" or the "social objectives" cannot be regarded as the unique property of any one institution for international economic co-operation but constitute the central aims for all and can only be achieved by the combined efforts of all. The proposed monetary or commercial policy organizations could with equal logic claim the function of scrutiny over everything. There would be no end of confusion from such universal scrutinizing and intervention in any and every aspect of economic policy. An illustration is to be found in the Office report on Recommendations to the United Nations for Present and Post-War Social Policy[†] where it is proposed that the I.L.O. adopt a resolution on the "development, conservation and equitable distribution of the world's oil resources." This is plainly ridiculous.

The same general considerations would apply to a proposal that the I.L.O. should have an overriding or primary responsibility with respect to the achievement of full employment. Full employment is another one of the general aims the attainment of which depends upon the integrated policies and efforts in the economic field as a whole, national and international, and to which all the functional organizations including the I.L.O. should make their respective contributions. The necessary integration must be the function of the central co-ordinating authority established for that purpose. It is not intended to suggest that the I.L.O. should not do everything it can to assist or promote the attainment of desirable objectives in any part of the economic field or to call attention to particular aspects of any question in respect of which it has a special competence. The adoption of resolutions and recommendations for these purposes on a wide range of subjects is unobjectionable but they should not extend to the submission of specific proposals for adoption by governments in respect of matters which are more properly, or are primarily, the responsibility of other functional organizations. There is every reason for a full exchange of information and of observers between the various functional bodies but this should not involve the aspect of "scrutiny" or supervision. These are functions, in so far as they are desirable, for a central co-ordinating authority.

The re-statement of the future policy and programme of the I.L.O. will be most fruitful if it is directed to those subjects where it has special qualifications and which will not be covered by other organizations. There is a wide and important field — standards of wages and hours, standards of social security, labour-management relations, industrial health, industrial safety, standards of training, labour mobility, employment machinery and organization, etc. These are vital matters where further progress in international collaboration is important. A more precise definition of the functions and programme of the I.L.O. in this field and the development of concrete proposals for the progressive implementation of that programme would provide ample scope for a significant contribution to the attainment of the better international economic order. The concentration of the efforts of the I.L.O. on the achievement of progress in these directions — along the general lines outlined in chapter III — will be far more useful than the refurbishing of generalities meaning all things to all men or the dissipation of its energies on matters for which it has no special competence and cannot have primary responsibility.

**671.** DEA/74-C-38

*Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur de Chine*

*Under-Secretary of State for External Affairs to Ambassador of China*

Ottawa, April 14, 1944

Dear Dr. Liu,

I wish to refer to our conversation this afternoon, in which I endeavoured to explain why the Canadian Government was not in a position to support the Chinese Government's request for an immediate increase in the number of permanent seats on the Governing Body of the International Labour Organization.

The Canadian Government believes that it is necessary to maintain and extend the application of the functional principle in international organizations in order to secure the widest and most effective collaboration of all peace-loving nations in tasks of common concern. The constitution of the Governing Body of the International Labour Organization in establishing the permanent representation on the Governing Body of the States of chief industrial importance, recognizes the validity of this principle by its provision that the criteria of "industrial importance" shall be objectively determined and applied. Canada accepted the application of these criteria when it became a member of the International Labour Organization. Their application gave Canada a permanent seat on the Governing Body in 1922, took that seat away in 1934, and restored it some years later. The principle of relating national representation on international bodies to the specific contribution which a particular country can make to the work of a particular international agency seems to us to be important and one which should be maintained and extended. We should be reluctant to abandon or modify this principle of policy even to meet the special political considerations which have won for China the very high place which she holds in the political and strategic councils of the United Nations. In any case, as I told you this afternoon, I am confident that the progressive application of the principles already incorporated in the constitution of the International Labour Organization will assure, in the almost inevitable course of events, China a permanent seat on the Governing Body as one of the chief industrial states of the world.

Yours sincerely,

N. A. ROBERTSON

672. DEA/74-M-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-2606 Washington, April 29, 1944

IMMEDIATE. Following from Government delegates to Labour Conference, Begins: Canadian Workers' delegate Bengough has submitted to Conference following Resolution relating to Federal States obligations under Article 19 of Constitution of International Labour Organization:

"WHEREAS the constitution of a number of Federal States, members of the International Labour Organization, prevent their ratification of I.L.O. Conventions dealing with matters within the competence of their constituent State Governments, and in such circumstances the usual procedure for dealing with Conventions and recommendations cannot be adopted;

AND WHEREAS it is desirable that a method be established whereby Conventions and recommendations may be dealt with, pending any necessary change in the Constitution of the International Labour Office;[2]

THEREFORE be it resolved, that the Acting Director be instructed to communicate with Governments of such Federal States, in the period between the twenty-sixth and twenty-seventh Sessions of the International Labour Conference, suggesting that arrangements be made whereby draft Conventions of [or] recommendations which apply to matters within the competence of the constituent State Governments would be referred to such Governments by the Federal authority, with the request that they deal with the Conventions or recommendations in the same manner as is prescribed for action by a member State:

AND FURTHER, that the Federal Governments be requested to obtain in due course a report regarding the action taken with respect to the recommendation or the ratification of a Convention, and convey such information to the Secretary-General."

Renaud[3] observes that this Resolution is based on assumption in paragraph 2 that some change is necessary in Article 19.

He is further afraid that the words "in the same manner as is prescribed for action by a member State" in paragraph 3 might justify the Labour Office to

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[2]La note suivante était écrite sur cette copie du télégramme à propos des mots «International Labour Office»:
The following note was written on this copy of the telegram with reference to the words "International Labour Office":
Amended to read *countries concerned*. See WA-2704 of May 3,[1] H. W[rong]

[3]Premier secrétaire, ministère des Affaires extérieures; conseiller technique supplémentaire auprès de la délégation du gouvernement.
First Secretary, Department of External Affairs; additional technical advisor to Government Delegation.

contend that the following construction put by its Legal Adviser on Article 19 on page 171 of report 1[1] before the Conference applies to the case of Labour Conventions which apply to matters within the competence of Provinces and which the Provincial Legislatures are prepared to enforce through legislation of their own, namely, that "once the consent of the competent authority (and he means the Legislature) has been given, there is an international obligation resting upon the member to take any steps which may still be necessary under its own law to permit of the communication of a formal ratification or to make effective the provisions of the Convention."

Finally Renaud points out as regards the word "ratification" — in last paragraph of Resolution that (a) Provinces cannot ratify Labour Conventions,

(b) Member States have not been allowed so far to ratify Conventions for a part only of their territory,

(c) Federal States are reluctant to ratify Labour Conventions which apply to matters within the competence of constituent States or Provinces, as it appears from the United States Government's view as reported in paragraph 2, page 179 of report 1 above mentioned.

Renaud considers that Resolution would be more acceptable if word "ratification" were deleted from last paragraph as unnecessary and confusing and the words "recommendation" and "Convention" put in the plural to harmonize with paragraph 2; and if, in paragraph 3, the words "deal with the Conventions or recommendations in the same manner as is prescribed for action by a member State" were replaced by the following borrowed from Article 19: "Bring the recommendations or draft Conventions before the authority or authorities within whose competence the matter lies, for the enactment of legislation or other action."

As we are anxious not to oppose or amend Bengough's Resolution if possible, we should be glad of your views and instructions. Ends.

**673.** DEA/74-M-40

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*

*Minister in United States to Secretary of State for External Affairs*

TELETYPE E-1863 Washington, May 3, 1944

Following for Canadian Government Delegates, Philadelphia, Begins: Both Labour Department and Legal Adviser agree that you can vote for Bengough's resolution reported in your message WA-2606 of April 29th. The amendments suggested by Renaud are improvements and possibly Bengough might be prepared to incorporate them on grounds that they make resolution more workable and acceptable. If desirable, however, you can accept resolution as it stands.

**674.** DEA/74-M-40

*La délégation, la Conférence internationale du Travail, au ministère des Affaires extérieures*

*Delegation, International Labour Conference, to Department of External Affairs*

Philadelphia, May 5, 1944

Your teletype EX-1867 of May 4th. Mr. Robertson might be informed as follows: Labour Conference, which opened at Phildelphia April 20th, decided after a general discussion on Items 1 and 2, in which Paul Martin took part, to refer Items 3 to 5 each to a separate committee and Items 1 and 2 to a single committee with exception of the proposed draft declaration on the aims and purposes of the International Labour Organization which will be revised by a separate drafting committee.

On April 26th Paul Martin tabled a draft resolution recommending that a committee be set up to meet during and after the Conference to consider certain constitutional problems of the Organization and report thereon to the next Conference.

On April 29th, the Conference, with the agreement of the Canadian delegates, decided to refer this proposal to the Committee on Items 1 and 2.

On May 5th Mr. Claxton spoke in that committee in support of the proposal which he presented in a revised form in the name of both the Canadian and United States Government delegates. The proposal was supported by all the speakers and then referred for closer examination to a subcommittee on which Canada is of course represented.

As amended the Canada-United States draft resolution provides first for certain emergency powers which the Director of the International Labour Office might be authorized eventually to exercise by the Governing Body of the Office, for the fixing of the next session of the Conference, for the planning of further regionalization of the Organization and the consideration of the problems of particular industries, for assuring close collaboration during the deliberations of the committee on constitutional matters between the Organization and the other international bodies, and secondly for the setting up by the Governing Body of the office of a committee to consider the future constitutional development of the Organization.

It is understood that Bengough's proposal that Federal States be asked to request constituent States or Provinces to deal with recommendations or conventions of the Conference in same manner as Central Governments and consequently to bring these texts before Legislatures for enactment of legislation, will be considered by the committee to be set up in accordance with the above Canadian proposal.

Other subcommittees on Items I and II have been appointed to deal with questions respectively of constitution of permanent industrial committees,

assistance to enemy occupied countries, and recommendations to be made to United Nations.

The subcommittee on recommendations to United Nations has before it, in addition to texts proposed by the Office, a draft convention on statistics of employment submitted by the United States and a counterdraft convention submitted by the Australian Delegation.

Question of accepting or rejecting credential of workers' delegate of Argentina not to be considered by plenary conference until observations received from Argentine Government.

Governing Body being re-elected today. Conference likely to last until May 13th.

**675.** DEA/74-M-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-2840 Washington, May 9, 1944

Following for External and Labour from Government delegates to Labour conference, Begins: This morning Tuesday on motion of Miss Miller, United States and Coulter, Employers Delegate of Canada Committee on items 1 and 2 meeting as a whole adopted unanimously the report of its Sub-Committee on the proposal on constitutional matters submitted jointly by the Government Delegates of Canada and the United States. The text of the report as adopted[1] is being mailed to you.

The Committee also adopted without discussion and dissent the report of its Sub-Committee on Industrial Committees. This report records the unanimous desire of members of the Sub-Committee that action should be taken as rapidly as possible with a view to defining a policy for the constitution of Industrial Committee and for translating that policy into action.

It also records the opinion of the Sub-Committee that the International Labour Office should proceed forthwith with the setting up of industrial sections and invite the governing body to elaborate regulations governing the activities of Industrial Committees.[4] Ends.

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[4]Voir aussi *Rapport de la délégation du gouvernement canadien à la 26e session de la Conférence internationale du Travail tenue à Philadelphie du 20 avril au 12 mai 1944* (supplément de la *Gazette du travail*, juin 1944.) Ottawa, Imprimeur du Roi, 1944.
See also *Report of the Canadian Government Delegation to the Twenty-sixth Session of the International Labour Conference, Philadelphia, April 20 to May 13, 1944* (Printed as a supplement to *Labour Gazette*, June 1944.) Ottawa, King's Printer, 1944.

**676.** DEA/74-C-38

*Le sous-secrétaire d'État aux Affaires extérieures*
*au ministre adjoint du Travail*

*Under-Secretary of State for External Affairs*
*to Deputy Minister of Labour*

Ottawa, November 22, 1944

RE: MEETING OF THE GOVERNING BODY OF THE INTERNATIONAL LABOUR OFFICE

The Director of the International Labour Office has sent me the text of a telegram which has gone to Mr. Vincent MacDonald as Canadian Government member on the Governing Body. The telegram reads as follows:

"Have honour inform you 94th session Governing Body will meet in London 25th to 31st January, 1945. Session will be preceded from 17th to 23rd January meetings of following committees; first, constitutional questions; secondly, employment; thirdly, finance. Three groups will meet 24th January. Particulars of place and exact times of meetings obtainable from I.L.O., 38 Parliament Street, London. Agenda and first documents forwarded on 30th September, others will follow immediately.[1] Please communicate as soon as possible whether you will attend Governing Body, and constitutional and finance committees, of which you are a member."

I presume that MacDonald will be getting in touch with you, but it occurred to me that it may be useful to you to have the text of this message as soon as possible.

ALFRED RIVE
for the Under-Secretary of State
for External Affairs

**677.** DEA/74-C-30

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 2982 Ottawa, December 30, 1944

My telegram No. 2937, December 23.

Mr. Paul Martin, Parliamentary Assistant to the Minister of Labour, will act as Canadian Government member of the Governing Body of the I.L.O. for the January meeting in London. He will be accompanied by Mr. Eric Stangroom of the Department of Labour, and Mr. A. A. Heaps of the Unemployment Insurance Commission. The party will leave for London about January 10.

We are telling Mr. Martin that Holmes will assist him during the meeting of the Constitutional Committee which will precede the Governing Body.[5]

**678.** DEA/74-Q-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 173 London, January 18, 1945

Following for the Minister of Labour from Paul Martin, Begins: At the opening session of the Constitutional Committee of the International Labour Office, Canada[6] was elected to the Chairmanship of the Committee. Ends.

**679.** DEA/74-T-40

*Le directeur par intérim, le Bureau international du Travail, au ministre du Travail*

*Acting Director, International Labour Office, to Minister of Labour*

D. 627/100 Montreal, April 2, 1945

Sir,

I have the honour to inform you that the Governing Body of the International Labour Office, during its Ninety-fourth Session recently held in London, decided that the Twenty-seventh Session of the International Labour Conference should be held in September 1945.

2. *Items on the Agenda*

I have also the honour to inform you that the agenda of this Session of the Conference, as settled by the Governing Body, is as follows:

I. Director's Report. (Social problems of the immediate post-war period with special reference to Europe — Future Policy and Programme of the I.L.O.)

II. The maintenance of high levels of employment during the period of industrial rehabilitation and reconversion.

III. Welfare of Children and Young Workers. (First discussion)

IV. Matters arising out of the work of the Constitutional Committee.

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[5]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
Copy sent to the Prime Minister and to the Canadian Ambassador in Washington.

[6]Note marginale:/Marginal note:
This is meant to be modest I've no doubt. R[obertson]

V. Minimum standards of social policy in dependent territories. (Supplementary provisions)

VI. Reports on the Application of Conventions. (Article 22 of the Constitution)

I have the honour to enclose a number of copies of an explanatory memorandum[1] which the International Labour Office has prepared, in the light of the discussions in the Governing Body, in order to provide some preliminary information on the scope and purport of the several items on the agenda of the Conference and the procedure by which the Conference is expected to deal with them.

The International Labour Office is preparing reports on the several items on the agenda of the Conference and every effort will be made to ensure that these reports are communicated to you [as soon] as possible.

It should be noted that the Governing Body decided that questions III, IV, V and (as an exceptional measure) VI should be placed on the agenda under the provisions of Articles 3 and 19 of the Constitution of the Organisation. In virtue of these provisions, each delegate to the Conference may be accompanied by two advisers for each of these four questions.

3. *Place and date of the Session*

The Governing Body decided, on the invitation of the French Government, that the session of the Conference should be held in or near Paris; it took this decision in virtue of the authority delegated to it by the Twenty-sixth Session of the Conference to decide the place at which the Twenty-seventh Session of the Conference shall be held.

The precise place and date of the Session will be communicated to you by telegram as soon as possible.

4. *Organisation of the Conference*

In addition to explanations about the agenda of the Conference, the enclosed memorandum also contains information on certain decisions of the Governing Body and of the Conference respecting the composition of delegations and on various provisions of the Standing Orders.

5. *Election of the Governing Body*

By reason of the decisions taken by the electoral colleges in the course of the Twenty-sixth Session of the Conference it will be necessary to hold in the course of the Twenty-seventh Session an election of the eight governments which have elective seats on the Governing Body and of the employers' and workers' representatives on the Governing Body.

I have etc.

E. J. Phelan

**680.** DEA/74-C-38

*Le secrétaire d'État aux Affaires extérieures*
*à la délégation, la Conférence des Nations Unies*

*Secretary of State for External Affairs*
*to Delegation, United Nations Conference*

TELEGRAM D.208 Ottawa, May 17, 1945

Following for Wrong from Rive.

Since I.L.O. — San Francisco negotiations may last through Summer and will be influenced by June Governing Body, I am anxious to know whether we should favour I.L.O.'s claim to be independent of Social and Economic Council control as officially stated by Paul Martin,[7] or would we prefer a Council, with powers proposed by Canadian amendments, to direct I.L.O. Pages 8, 9 and 15 of George's[8] memorandum of May 3rd[†] refer. Specific questions on Governing Body agenda being sent by next bomber.

**681.** DEA/74-C-38

*Le sous-secrétaire d'État aux Affaires extérieures*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Acting Secretary of State for External Affairs*

TELEGRAM H-195 San Francisco, May 18, 1945

SECRET. Following for Read from Robertson, Begins:

1. Reference your telegram D-208. Efforts to indicate in the Charter special relationship of the I.L.O. to the new International Organization have met determined opposition both from the U.S.S.R. and the United States of America. In the case of the U.S.S.R., this opposition appears to stem from long standing antipathy to all the organizations of the League system, accentuated by the Soviet disposition to press claim for international recognition on behalf of World Trades Union Congress, which U.S.S.R. is trying to develop as its chosen instrument. The United States opposition to mentioning the I.L.O. in the Charter reflects a sharp domestic division between the C.I.O.[9] and the A.F. of L.[10] The United States joined in voting down the Russian motion for recognition of the W.T.U.C., which the C.I.O. is supporting and they now feel that it might prejudice the Congressional reception of the whole Charter if they accepted the A.F. of L.'s representations on behalf of the I.L.O.

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[7]Voir Canada, Chambre des communes, *Débats*, 1945, première session, p. 45.
See Canada, House of Commons, *Debates*, 1945, First Session, pp. 43-44.
[8]James George, troisième secrétaire, section spéciale, ministère des Affaires extérieures.
James George, Third Secretary, Special Section, Department of External Affairs.
[9]Congress of Industrial Organizations.
[10]American Federation of Labour.

2. In these circumstances, the United Kingdom delegation are not prepared to press their motion naming the I.L.O. in the Charter to a division. In view of the support which the United Kingdom motion received from other Commonwealth countries, most countries of western Europe and some from Latin America, it is likely that the motion could have been carried on division, but very doubtful whether such an affirmative vote would have done any real service to the status of the I.L.O. These doubts are, I understand, shared by the I.L.O. representatives in San Francisco.

3. As matters stand, it is not expected that debate will be resumed in Committee on the United Kingdom motion or on any of the other amendments naming the I.L.O., so that Chapter IX, establishing an Economic and Social Council, will not refer nomination to any of the intergovernmental functional organizations which are to be brought into relationship with the United Nations. When the Conference comes to consider the need for setting up an interim Organization to carry on in the interval between the signing of the Charter and its entry into force, it is being suggested that the interim body should be instructed, *inter alia*, to negotiate with the I L.O. and perhaps with other named intergovernmental bodies on the terms of their relationship with the United Nations Organization. The United Kingdom delegation are taking up this suggestion with the United States delegation shortly and hope that the latter will not find the same political difficulty in supporting it that they have had in all proposals for mentioning the I.L.O. expressly in the Charter.

4. In view of foregoing developments, I do not see much prospect of I.L.O. securing at this Conference any formal recognition of the special character of its relationship with the United Nations. The character of this relationship will have to be negotiated by agreement between the I.L.O. and the Economic and Social Council and the negotiations should give an opportunity for taking the tripartite character of the I.L.O. into appropriate account. Ends.

**682.** W.L.M.K./Vol. 390

*La délégation, la Conférence de l'Organisation internationale du Travail,[11] au secrétaire d'État aux Affaires extérieures*

*Delegation, International Labour Organization Conference,[11] to Secretary of State of External Affairs*

TELEGRAM 4 Quebec City, June 21, 1945

CONFIDENTIAL. Government group has postponed for several days question of:

(a) Readmission of Italy;

(b) Invitation of Finland, Hungary and Bulgaria to I.L.O. Conference in October; and

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[11]Quatre-vingt-quinzième session du Conseil d'administration du Bureau international du Travail du 21 au 27 juin 1945.
Ninety-fifth Session of the Governing Body of the International Labour Office, June 21-27, 1945.

(c) Of Finland to Maritime Conference.

Philon, Greek Government's representative called on me today and suggested question of readmission of Italy should be postponed one or two years. I told him I had, as yet, no instructions but did not think Canadian representative would take an active part in the debate as matter was mainly of European concern.

I made no remarks on (a) Italy, but as regards (b), said external relations of these countries were controlled by armistices imposed by certain Powers in the interest of all United Nations. I thought Governing Bodies could not take a decision until those Powers or at least their representatives on Governing Bodies had been consulted. United Kingdom and U.S.A. representatives said that they had as yet no instructions but hoped to receive them soon.

RIVE

**683.** W.L.M.K./Vol. 390

*La délégation, la Conférence de l'Organisation internationale du Travail, au secrétaire d'État aux Affaires extérieures*

*Delegation, International Labour Organization Conference, to Secretary of State for External Affairs*

Quebec City, June 21, 1945

IMPORTANT. Following for J. E. Read, Begins: United Kingdom representative understands certain ex-enemy and neutral countries will be excluded, for the present, from the United Nations Organization (see Wednesday's New York *Times*. He, therefore, thinks I.L.O. may be expected to follow this lead and is asking fresh instructions.

Please instruct. Ends.

**684.** W.L.M.K./Vol. 390

*Le secrétaire d'État par intérim aux Affaires extérieures à la délégation,[12] la Conférence de l'Organisation internationale du Travail*

*Acting Secretary of State for External Affairs to Delegation,[12] International Labour Organization Conference*

TELEGRAM 6 Ottawa, June 22, 1945

CONFIDENTIAL. Following for Rive from Read, Begins: Your telegram No. 4 and your unnumbered telegram June 21st, regarding re-admission of Italy and invitation to Finland, Hungary and Bulgaria to I.L.O. Conference.

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[12]La note suivante était écrite sur cette copie du télégramme:
The following note was written on this copy of the telegram:
Approval of this telegram was given personally by the Prime Minister to Mr. J. E. Read on the telephone. June 22nd.

We should take no initiative on re-admitting Italy or inviting other former enemy states pending agreement between United Kingdom and United States delegations. In this connection importance of not prejudicing Soviet attitude towards I.L.O. must be borne in mind.

I agree your general line that Canadian representatives should not take active part in this debate as one in which we have no direct interest. In any case it is desirable that decision on this question should be postponed until it can be considered in relation to the general question of admission of former enemy states to new International Organization.

If the admission of any of these countries is pressed, you would be justified in urging strongly delay in disposition until clarification of their general position and relationship to United Nations. Ends.[13]

**685.** DEA/74-AC-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au directeur par intérim, le Bureau international du Travail*

*Under-Secretary of State for External Affairs*
*to Acting Director, International Labour Office*

Ottawa, September 21, 1945

Dear Mr. Phelan,

When Mr. Jenks[14] was recently in Ottawa he raised the question as to whether the Canadian Government would be agreeable to the holding of the 1946 International Labour Conference in Canada in the event the Office should still be here. Subsequent to Mr. Jenks' visit the matter was mentioned to the Prime Minister who agrees to the conditional suggestion that if the office is still in Canada the conference might be held here.

Yours sincerely,

N. A. ROBERTSON

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[13]Pour un rapport sur la réunion du Conseil d'administration, voir *Gazette du travail*, Vol XLV, N° 7, 1945. pp. 997-1005.
For a report on the meeting of the Governing Body, see *Labour Gazette*, Vol 45, July to December 1945, pp. 944-951.

[14]Conseiller juridique, Bureau international du Travail.
Legal Adviser, International Labour Office.

**686.** DEA/74-T-40

*Le secrétaire d'État par intérim aux Affaires extérieures au secrétaire général, la Conférence internationale du Travail*

*Acting Secretary of State for External Affairs to Secretary General, International Labour Conference*

Ottawa, September 28, 1945.

Sir:

I have the honour to inform you that the following persons have been designated by the Government of Canada to attend the 27th Session of the International Labour Conference to be held in Paris commencing October 15th, 1945.

*Government Delegates:*

Mr. Gray Turgeon, Vancouver, B.C.
Mr. Alfred Rive, Department of External Affairs, Ottawa, Ontario.

*Alternate:*

Mr. V. C. Phelan, Department of Labour, Ottawa, Ontario.

*Secretary to Government Delegates:*

Mr. T. L. Carter, Department of External Affairs, Ottawa, Ontario.

*Provincial Government Representatives Accompanying Government Delegation:*

Honourable Antonio Barrette, Minister of Labour, Quebec, P.Q.
Mr. Jean-Pierre Despres, Department of Labour, Quebec, P.Q.
Honourable Charles Daley, Minister of Labour, Toronto, Ontario.
Honourable G. C. Williams, Minister of Labour, Regina, Sask.

*Employer's Delegate:*

Mr. Harry Taylor, Personnel Manager of Canadian National Carbon Co., and Member of Industrial Relations Committee of the Canadian Manufacturers' Association, Toronto, Ontario

*Technical Adviser to Employer's Delegate:*

Mr. Allan Ross, Ross-Meagher Ltd., Ottawa, Ontario.

*Workers' Delegate:*

Mr. J. Arthur D'Aoust, Vice-President, Trades and Labour Congress of Canada, and Vice-President of the International Brotherhood of Paper Makers, Montreal, P.Q.

*Technical Advisers to Workers' Delegate:*

Mr. Birt Showler. Vice-President, Trades and Labour Congress of Canada, and President of Vancouver, New Westminster and District Trades and Labour Council, Vancouver, B.C.
Mr. Norman H. Dowd, Executive Secretary, Canadian Congress of Labour, Ottawa, Ontario.
Mr. Alfred Charpentier, President, The Canadian and Catholic Confederation of Labour, Montreal, P.Q.

I have, etc.

J. E. READ
for Acting Secretary of State
for External Affairs

**687.** DEA/74-T-40

*L'ambassadeur en France*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Ambassador in France*
*to Acting Secretary of State for External Affairs*

TELEGRAM 573 Paris, October 26, 1945

IMMEDIATE. SECRET. Following for Read from Rive, Begins: Article 18, paragraph 2, of proposed Resolution II, to amend the Constitution of the International Labour Organization, page 159 of the Office Report,[1] IV (one) 1945, provides that the Instrument of Amendment will come into force in accordance with Article 36 of the Constitution which requires ratification by the States represented on the Council of the League.

Some delegations wish specifically to meet the case if League Council has ceased to exist. Legal Adviser, I.L.O., proposes addition of words "If Council of the League should cease to exist before this Instrument comes into force, it shall come into force on ratification by three-quarters of the members of the Organization." He thinks that this is in accord with your views but would like confirmation. United Kingdom would agree to this wording and United States would not object. If you agree, Canadian delegation will introduce amendment in this sense. Ends.

**688.** DEA/74-T-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*à l'ambassadeur en France*

*Acting Secretary of State for External Affairs*
*to Ambassador in France*

TELEGRAM 523 Ottawa, October 27, 1945

IMMEDIATE. SECRET. Your telegram No. 573, October 26, 1945. Amendment of Constitution of International Labour Organization.

Following for Rive from Read, Begins: I agree. Ends.

**689.** DEA/74-T-40

*L'ambassadeur en France*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Ambassador in France*
*to Acting Secretary of State for External Affairs*

TELEGRAM 580 Paris, October 30, 1945

Turgeon's speech at International Labour Conference this morning included the followng passage which was approved by Under-Secretary, passage begins:

It is the earnest hope of the Canadian Government that the International Labour Organization will become universal but we should not despair if universality is not achieved immediately. It should be remembered that a number of the staunchest of the present members of the organization remained outside for some years, their absence no doubt limited the effectiveness of the organization, but at no time was its existence imperilled. Let us therefore carry on with the work of the organization so far as we are able, confident that if it is well and truly done our place with the United Nations will be assured and that eventually the nations outside the organization may be convinced by the practical demonstration of the value of our work that their absence from our councils is their loss. Let us take our decisions in all matters with regard only to their effect on the achievements of the organization in its proper field and not with the idea that we must secure more members at any cost. Ends.

**690.** DEA/74-T-40

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*

*Ambassador in France to Secretary of State for External Affairs*

TELEGRAM 609 Paris, November 7, 1945

Following for MacNamara from Phelan, Begins: Conference closed late yesterday. Final session voted resolutions, as in Office reports, on high employment, on young workers and on dependent children, without change in substance but with many amendments. Immediately necessary changes in constitution voted but larger constitutional issues referred to Working Committee to report next year. This Committee consists of six Government, three worker and three employer representatives. Canada did not seek a place on the Committee but supported South Africa, which was selected.

Undersigned spoke briefly at plenary session, Sunday, on adoption of report on young workers, pointed out procedure under Federal constitution and emphasizing recent Canadian progress concerning children, notably family allowances. Governing Body meets today, Rive and undersigned attending.

Turgeon leaves for London to-day.

Cable[1] regarding Copenhagen meeting[15] received and expect to fly direct from here on November 12th. Meanwhile, expect to visit Switzerland last three days of week to look over labour arrangements. Cable address Thursday to Sunday, British Minister, Berne, but if in any doubt address Canadian Ambassador here. Ends.

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[15]Conférence maritime technique préparatoire des plus importants membres maritime du BIT, du 15 novembre au 1 décembre 1945.
Maritime Technical Conference of the most important maritime members of the ILO, November 15 to December 1, 1945.

**691.** DEA/74-T-40

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*
*Ambassador in France to Secretary of State for External Affairs*

TELEGRAM 612 Paris, November 9, 1945

Following from Canadian representatives, Begins: Please pass to Labour.

Governing Body — Ninety-seventh Session.

(1) Governing Body decided to hold next Conference in Canada beginning September 19th, 1946.

(2) V. C. Phelan elected Chairman of Metal Trades Committee, which is expected to meet in Canada or the U.S.A. in late spring or early summer of next year. Ends.

**692.** DEA/74-X-40

*Décret en Conseil*
*Order in Council*

P.C. 6852 Ottawa, November 15, 1945

The Committee of the Privy Council have had before them a report dated 3rd November, 1945,[1] from the Minister of Labour, representing:

1. That a number of standing Industrial Committees are being set up within the framework of the International Labour Organization with a view to providing specialized machinery to consider the problems of certain of the major world industries;

2. That the Governing Body of the International Labour Office has decided to set up standing committees for, in the first place, seven industries, viz.: Coal Mining; Inland Transport; Metal Trades; Textiles; Iron and Steel Production; Petroleum Production and Refining; and Building; Civil Engineering and Public Works;

3. That these committees will act as technical advisers to the Governing Body and to the International Labour Conference and, at the same time, promote the interests of the industries concerned by exchanging information and concluding agreements on matters of mutual interest;

4. That the Governing Body has determined the countries which should be represented on each committee, and that Canada has been accorded the right to representation on all seven; Coal Mining (11 countries); Inland Transport (24); Metal Trades (13); Textile Industry (17); Iron and Steel Industry (14); Petroleum Industry (12); and Building, Civil Engineering and Public Works (19);

5. That these committees will consist of six members from each country represented: two Government, two Employers' and two Workers' representatives;

6. That the representatives of employers and of workers are to be appointed by the Government concerned in agreement with the principal organizations of employers and workers having a substantial membership in the industry concerned; and

7. That the International Labour Organization will be responsible for the expenses of the representatives of both management and labour but that the individual Governments shall be responsible for those of their two Government representatives.

The Committee, therefore, on the recommendation of the Minister of Labour advise,

1. That the Government of Canada be represented on these standing International Industrial Committees;

2. That the two representatives each of the employers and the workers of Canada on such committee be appointed after consultation with the principal organizations of employers and workers having a substantial membership in the industry concerned, the expenses of these representatives being borne by the International Labour Organization;

3. That subject to any special provisions otherwise made in the circumstances of any particular case, Government representatives on these various committees be paid their actual, necessary and reasonable travelling and living expenses incurred in connection with the meetings of the committees which are held from time to time and shall be paid from the Department of Labour appropriation for International Labour Conferences;

4. That appointment of representatives to each such industrial committee be made by the Governor in Council.

A. D. P. HEENEY
Clerk of the Privy Council

**693.** DEA/74-P-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au délégué, la Conférence internationale du Travail*

*Associate Under-Secretary of State for External Affairs to Delegate, International Labour Conference*

CONFIDENTIAL Ottawa, December 15, 1945

Dear Alfred (Rive),

I have received two unanswered letters[1] from you on I.L.O. matters, your commentary of October 30th from Paris on the proceedings of the Conference and Governing Body and your letter of December 5th from London on I.L.O. staff questions.[1]

It all sounds as though six years of war and the addition of a good many new faces have not made a great deal of difference in the way the I.L.O. behaves. I have always found the internal politics of the Office depressing with too much concealment of real motives and a lot of personal rivalries.

I think that probably the most useful role for the I.L.O. in the modern world is that of a safety valve. A certain number of pressures can be reduced through its machinery. What comes out is usually only hot air but the fact that it does escape is of some usefulness and importance. I doubt that the I.L.O. will operate even as effectively as it did during its first fifteen years in the capacity of an agency for the production of international legislation on labour questions. Even in the countries dedicated most sincerely to free enterprise the relationship of the state to workers and employers has changed so much since 1919 that the tripartite structure of the I.L.O. now means something different from what it did then.

I have no comments to offer at this time on the proceedings of the conference. Mr. Turgeon, you will be interested to hear, has written to the Under-Secretary speaking in very warm terms of your part there. With regard to the staff questions raised in your letter of December 5th, I really have no useful suggestions to offer. My own feeling is that a good many of the officials whose contracts were terminated or suspended during the war would be better replaced by new faces and I should like to have these cases dealt with individually. I am surprised to learn that as many as fifty non-Swiss officials spent the war in idleness in Switzerland under suspended contracts. If they were nationals of Allied countries with any capacity for work, I should be inclined to count this against them but it is always unsafe to generalize on questions of this sort.

Yours sincerely,

H. H. WRONG

## PARTIE 2/PART 2
## SOCIÉTÉ DES NATIONS
## LEAGUE OF NATIONS

**694.** CH/Vol. 928

*Le secrétaire général par intérim, la Société des Nations*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Acting Secretary General, League of Nations,*
*to Associate Under-Secretary of State for External Affairs*

URGENT London, September 8, 1945

My dear Mr. Wrong,

In view of impending discussions with the Executive Committee of the United Nations concerning recommendations as to transfer of League activities, etc., and in view of meeting of the League Assembly, Sir Cecil

Kisch[16] and I went to Oslo last week to have some preliminary consultations with Mr. Hambro in his capacity as Chairman of the Supervisory Commission and as President of the adjourned Assembly.

We are endeavouring to limit if possible the number of League Assemblies to one meeting in view of widely expressed opinion of representatives of Governments. I had been planning for this meeting to take place about the 15th November but as a result of consultations both with Members of the Supervisory Commission available in London and with some Governments represented on the Executive Committee of the United Nations, it has seemed better that I should propose that States Members agree to delegating a certain limited authority to the Supervisory Commission for such discussions and planning as may be necessary with the Executive Committee. With this in view the attached telegram† has been provisionally approved by Mr. Hambro and Sir Cecil Kisch.

The Chairman, Mr. Hambro, desires me to ask for your approval or comments on the telegram before it is despatched to the Governments and I should be very grateful if you would cable me immediately.

You will probably be concerned as to what duties this may involve for Members of the Commission. I should first of all tell you that the Chairman himself will be unable to leave Norway until about the 8th October. We are fortunate that Sir Cecil Kisch, Vice-Chairman and Rapporteur, will be available constantly in London. Should you be able to be available in London from time to time it would be a great advantage and help but if this is difficult you may count upon my keeping you fully informed with regard to any discussions which may take place, and on any serious or potentially contentious questions to ask your advice at an early stage.

I myself do not at present expect the discussions in the early stages to go much further than supplying information to the Executive Committee. In this connection I attach for your information copies of letters† exchanged this week with the Secretary of the Executive Committee. I would hope that at a later stage both the Executive Committee and the representatives of the League would be able to come to more detailed discussions and arrive at a series of recommendations which could be recommended to the Assembly. There will I understand in the first case be a proposal at the Executive Committee that the Assemblies of the two organizations would be asked to agree to a complete transfer of all duties, assets and liabilities. Due regard would be given in any suggestions put forward with the authority of the Supervisory Commission and/or the Secretary-General to the interest both of those States Members signatories to the United Nations Charter and the other States Members in regard to the disposal of the material assets, and, as stated in the draft cable to Governments, no final arrangement would be arrived at without full consultation with you.

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[16]Sous-secrétaire d'État adjoint pour l'Inde; membre, Commission de supervision, Société des Nations.
Assistant Under-Secretary of State for India; member, Supervisory Commission, League of Nations.

Should any proposal made at the Executive Committee for a complete transfer prove not to be acceptable, we should have to enter into a series of detailed discussions.

Referring again to the effort to hold only one meeting of the League Assembly, it is as yet impossible to foresee a date. We cannot of course decide this without paying due attention to the coincidence of meetings of the United Nations Organization and with the hope of presenting a more complete scheme to the meeting. It will of course be understood that if such an Assembly were held, say, early in the new year, some continuing body fully authorized would be essential to deal with residual problems.

I have tried in this covering note to give you an impression of the position as seen from here. Its inadequacy is largely due to facts outside our control.

Yours sincerely,

SEAN LESTER

**695.** CH/Vol. 928

*Le sous-secrétaire d'État associé aux Affaires extérieures au secrétaire général par inérim, la Société des Nations*

*Associate Under-Secretary of State for External Affairs to Acting Secretary General, League of Nations*

Ottawa, September 18, 1945

My dear Mr. Lester,

I have sent you through Mr. Holmes of Canada House a reply[1] to the most urgent point raised in your letter to me of September 8th — concurrence in the despatch of the draft telegram[1] from Mr. Hambro to states members of the League of Nations. I think that the procedure which you, Mr. Hambro and Sir Cecil Kisch have worked out is as good a one as can be devised in present circumstances. I have always been doubtful about the wisdom of trying to hold two League Assemblies if some way round the difficulty could be found, and it seems to me that the wisest course is to secure the agreement of all states members to a single Assembly which could be held more or less concurrently with the first Assembly of the United Nations. We shall, I am sure, have great difficulty in arranging dates and adequate representation unless we adopt this course. I have not consulted the authorities of my own Government on the contents of the telegram but I am fairly sure that it will meet with no objections here.

I appreciate your desire to have some members of the Supervisory Commission available in London for consultation during the period of negotiations with the Executive Committee. All I can say at present about the prospects of my being there myself is that there are so many international gatherings of one sort or another taking place in London and Paris during the next few months that I may be one of the Canadian representatives at one or more of these meetings. As you can imagine, however, the end of the war has

brought a new spate of work to my department here in common with most of the Foreign Offices of the world and we already were suffering seriously from shortage of staff, particularly of experienced senior men. The result is that it takes rather a lot to get me unstuck from my office in Ottawa. I would regard a trip to London, Paris and Geneva to attend meetings of the Supervisory Commission almost in the light of a vacation.

I would not be surprised if we had considerable difficulty in getting general agreement on adequate procedure for the winding up of the League as I am nervous about Soviet opposition in particular and the reports which we have received on the proceedings in the Executive Committee are not reassuring. What they are ready to agree to should, however, be made clear soon.

As the time draws close I am a bit worried about the reception by some governments of the necessity of voting sums for both a League budget and a United Nations budget for next year. I do not see, however, how that can be avoided and I think the proposal that contributing states would have the unused part of their contributions refunded when the transfer is effected could go some way to meet criticism. The bulk of the budget in any event will be for the I.L.O. and it is usually fairly easy to get approval of reasonable expenditures for the support of the I.L.O.

Yours sincerely,

H. H. WRONG

**696.** DEA/5475-M-40

*Le sous-secrétaire d'État associé aux Affaires extérieures au ministre adjoint des Finances*

*Associate Under-Secretary of State for External Affairs to Deputy Minister of Finance*

SECRET Ottawa, December 14, 1945

In my letter of yesterday† concerning proposals placed before the United Nations Preparatory Commission about the financing of UNO,[17] I said that I should be writing to you shortly on certain questions of finance in connection with the liquidation of the League of Nations. I am enclosing copies of three documents in that connection. The first is despatch No. 18 from Mr. Wilgress† covering a memorandum prepared by the United Kingdom Government† discussed at an informal meeting at the Foreign Office which was attended by a Canadian representative. This memorandum is a convenient summary of the financial problems connected with the liquidation of the League of Nations. The proposals made in it are, of course, subject to the approval of both the General Assembly of the United Nations and the final session of the League Assembly.

The second enclosure is a copy of a telegram† from the Acting Secretary General of the League of Nations sent on November 28th, concerning the

[17]Voir le document 557./See Document 557.

League budget for 1946, which was approved by the Supervisory Commission last month. This telegram concludes with a statement of the contribution assessed against Canada under the budget amounting in all to 1,343,207.54 Swiss francs.

The third enclosure is a copy of a communication from the Acting Secretary General, dated November 30th, forwarding the budget of the League for 1946 and the report of the Supervisory Commission for 1945.[1] The documents attached to this letter have only been received as yet in single copy by airmail. They will be sent to you as soon as additional copies are received.

It will be noted that under these proposals the final League budget for next year will be somewhat larger than the budget for 1945. About half the 1946 budget, however, will be required for the I.L.O. which will continue in existence. The arrangements for financing the I.L.O. independently of the League have still to be worked out following negotiations between the I.L.O. and the Economic and Social Council of the United Nations.

There will be certain payments due to members of the League of Nations arising from the process of liquidation. The working capital fund of the League is owned by states members and their share is, therefore, repayable without question. The Canadian share at the end of 1944 amounted to 309,568.88 Swiss francs without the inclusion of interest. If it is agreed that interest is to be included a further sum of 80,575.72 Swiss francs would be added to this refund.

Other payments or credits which might accrue to Canada will depend on decisions still to be taken. The possible credits seem to fall under three heads:

1. When the transfer to UNO has taken place it is suggested by the Acting Secretary General that any excess provision for personnel, etc., of the League transferred to UNO would be credited to the contributing states, thus reducing their net contribution for 1946.

2. It is suggested in the Foreign Office memorandum attached to the first enclosure (paragraph 5 (1)) that League members should be credited by UNO with their share of a fair valuation of the material League assets transferred to UNO, consisting presumably almost wholly of buildings, grounds and equipment. The Canadian share, based on the contributions made by member states from 1919-1944, would amount to something more than 6% of the total valuation.

3. It is also suggested in the Foreign Office memorandum (paragraph 5 (2)) that states members of the League should be credited with their proportionate share of any liquid funds which may remain when the winding up of the League has been completed.

I have commented in this letter chiefly on the financial effect of these proposals on Canada. The Canadian delegation to the Assembly will be called upon to discuss them in all their aspects and I should be glad to know whether you have any observations to make, particularly on the suggestions made in the Foreign Office memorandum. I may also have to consider all these questions at

a meeting of the League Supervisory Commission which is expected to take place early in January.

H. H. WRONG

**697.** DEA/5475-M-40

*Le sous-ministre par intérim des Finances*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Acting Deputy Minister of Finance*
*to Associate Under-Secretary of State for External Affairs*

Ottawa, December 20, 1945

Dear Mr. Wrong:

I have your letter of December 13th[1] concerning the recommendations for financing the United Nations Organization and I have received also your letter of the 14th concerning the financial problems connected with the League of Nations.

We have not had time to give detailed study, as we would wish, to these matters but there are certain comments which we can make.

In regard to U.N.O., I think our major concern is with the equity of the basis arrived at for contributions. If we are satisfied that that basis is an equitable one, I do not think we should be too concerned as to the needs for advances to provide working capital. I would be much more concerned with the adequacy of the budgetary control of the new Organization than with the actual size of the advances. Presumably, if we are going to take the U.N.O. seriously, it will require to have an adequate reserve to meet contingencies.

The basis which the U.K. suggests for the transfer of League of Nations assets seems a reasonable one to me. I do not quite see myself why even ex-members, such as the Soviet Union, might not be given a credit proportionate to the contributions which, in fact, they made during the period of their membership. This could be done for ex-members who become members of the U.N.O. I would not think, however, that this should be done for any members of the League of Nations who were not in good standing and who did not become members of U.N.O.

It will probably be awkward making three requests to Parliament next year for advances and current contribution to U.N.O. and also a final contribution to the League of Nations. Since, however, the assets of the League are to be transferred and members given credit for their value, the question of substance is really whether the League of Nations actually needs a full year's contributions before the transfer is effected. If there is no unnecessary spending, we ought not to lose by making our contribution this year. I would not be too sure,

however, that the transfer would be made as rapidly and economically if there was full financial provision for twelve months of 1946.[18]

I am, yours very truly,
W. A. MACKINTOSH

## PARTIE 3/PART 3
## CONSEIL INTERNATIONAL DU BLÉ
## INTERNATIONAL WHEAT COUNCIL

**698.** DEA/4171-40

*Mémorandum de l'adjoint spécial en temps de guerre au sous-secrétaire d'État aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Special Wartime Assistant to Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[Ottawa,] February 2, 1944

MEETING OF INTERNATIONAL WHEAT COUNCIL
JANUARY 31ST-FEBRUARY 1ST

1. The Canadian delegation requested that the Canadian shipments of wheat under the Greek Relief Scheme be credited to the Canadian 25,000,000 bushel commitment to Wheat Council relief pool. The Council passed a resolution recognizing shipments of relief wheat to Greece as cumulative installments against contributions to this pool. Canadian shipments of relief wheat to Greece since their inception total about 10.5 million bushels which, together with shipments in the future until UNRRA (if and when) takes over, will now be credited against the 25 million bushel commitment.

2. The Council passed a resolution formally recognizing UNRRA as the "intergovernmental relief body" referred to in the Agreement.[19] The Council may now transfer wheat from its relief pool to UNRRA for distribution. The Argentine delegate said he had not yet received any instruction from his Government regarding this matter but that he personally agreed with the resolution and that he felt fairly certain that his Government would approve.

3. The Canadian delegation requested the deletion of the clause in the Memorandum of Agreement which fixed export prices during the six-month period following the conclusion of hostilities at the price of the last bulk sale by Canada to the United Kingdom. The United States and United Kingdom delegations stated that they would be very reluctant to agree to the deletion of this clause before a serious attempt had been made to find a substitute. After

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[18]Pour la réponse, voir le document 565./For reply, see document 565.
[19]Voir Canada, *Recueil des traités*, 1942, N° 11.
See Canada, *Treaty Series*, 1942, No. 11.

lengthy discussion a resolution to the following effect was adopted. The Council;

a. recognizes that the present clause is not applicable in the circumstances which now exist,

b. recommends that immediate efforts be made to find a substitute,

c. agrees that if an acceptable substitute is not found by April 30th that it would recommend the deletion of the present clause.

The United States delegation said that in order to start the ball rolling on the price clause negotiations, they are prepared to propose the Canadian Wheat Board price to producers of $1.25 per bushel as a basis upon which to begin discussions.

J. DEUTSCH

**699.** DEA/7-Js

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 568 London, March 9, 1944

SECRET. Following for Robertson from Canadian Delegation, Economic Policy Talks,[20] Begins:

1. Dunnett of United Kingdom Treasury and Twentyman of Food Ministry asked us and McCarthy of Australia to participate in an informal discussion regarding possible arrangements concerning wheat prices. We informed them that we had no authority or instructions for a discussion of this subject, but that we would be willing to listen and to report what was on their minds. United Kingdom representatives speaking unofficially said they have given much thought to what should be done at next Wheat Council meeting concerning the price clause in the memorandum of agreement. The present provision regarding Canadian bulk sale price is to be deleted and they are anxious to obtain agreement on a substitute. They fear that wheat prices, particularly in the United States, will continue to rise and may get out of hand in the immediate post-hostilities period. They feel that extremely high wheat prices, which they consider the Wheat Agreement was intended to avoid, would not be in the interest of either exporting or importing countries and that it would be very desirable to prevent development of such a situation. Dunnett hinted that extremely high wheat prices in immediate post-war period might have a repercussion on ability of United Kingdom to purchase other foodstuffs, including bulk purchases from Canada and Australia. They proposed that agreement be reached now on a range of prices to apply during period immediately following close of hostilities.

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[20]Voir le document 20./See Document 20.

2. McCarthy said he was prepared to recommend to his Government that agreement on range of prices should be reached but that these should be applicable immediately. Twentyman thought that it would not be possible to get agreement on a price to be immediately effective which was less than the present Canadian price to the United States. This price was higher than United Kingdom could contemplate either now or in immediate post-war period. Twentyman thought it possible that the United States might be prepared to accept a range of 95 to 115 United States effective at close of hostilities. However in the course of discussion with McCarthy, United Kingdom representatives thought it worth while to explore possibility of reaching an agreement on prices to be effective prior to end of the war.

3. Aside from explaining a few relevant Canadian circumstances we said nothing. Ends.

**700.** DEA/7-Js

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 448 Ottawa, March 11, 1944

SECRET. Following for Economic Delegation from Robertson, Begins: Your telegram No. 568 of March 9th. Minister of Trade and Commerce and[21] McIvor feel that the Canadian position respecting the forthcoming price negotiations within the International Wheat Council should not be anticipated by bilateral discussions with certain members of the Council. They take the view instead that the proper place for such discussions is within the International Wheat Council itself.

As you are aware, tentative plans have been made to convene the Wheat Council in Washington during the last week in the present month, at which meeting the representatives of each of the five Governments are expected to present the position of their respective Governments regarding a minimum and maximum range of prices to apply under the terms of Article V of the Draft Convention. It is intended that the Canadian position be presented in this agreed manner.

Under the circumstances the position taken by you that you had no authority to discuss the matter with British and Australian officials at this stage was the correct one. Ends.

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[21]G.H. McIvor, commissaire principal, Commission canadienne du blé.
G.H. McIvor, Chief Commissioner, Canadian Wheat Board.

**701.** W.L.M.K./Vol. 371

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 39 London, April 1, 1944

IMMEDIATE. Canada No. 39, Commonwealth of Australia No. 86. International Wheat Council. His Majesty's United Kingdom Ambassador at Washington reports that Russians have expressed to Chairman their desire to become members of Council. In view of great Russian interest in wheat trade and more generally of desirability of encouraging Russia to participate in international organizations we are of opinion that Russian request should be supported. So far as legal position is concerned we see no reason in principle why Russian admission should not be effected by means of supplementary protocol or memorandum.

We do not know what is attitude of United States authorities to proposal, but in view of short time before Council meeting on May 1st, we are informing our representative on Wheat Council that in our view proposal should be supported. He has been instructed to keep in touch with his Canadian and Australian colleagues in the matter but should there be any special consideration from point of view of Canadian or Commonwealth Governments of which you wish us to be aware before matter is raised at Council, I should be glad to be informed as soon as possible.[22]

**702.** W.L.M.K./Vol. 276

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*
*au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs*
*to Prime Minister*

[Ottawa,] April 17, 1944

INTERNATIONAL WHEAT PRICE NEGOTIATIONS

At the meetings of the International Wheat Council held last week, concrete proposals were made for an international agreement on minimum and maximum export prices for wheat to go into effect immediately and to continue for a period of two years after the close of hostilities. The Canadian representatives, acting on instructions from the Wheat Committee of Cabinet proposed that the wartime range of export wheat prices under the Agreement should run from the present Canadian minimum paid by the Wheat Board to farmers

[22]Les notes suivantes étaient écrites sur cette copie du télégramme:
The following notes were written on this copy of the telegram:
Robertson note. K[ing] 2-4-44.
Mr.R[obertson] informed. J. A. G[ibson]

($1.25 per bushel F.O.B. Fort William) to the United States maximum received by United States farmers (which at present is equivalent to 172 Canadian cents F.O.B. Fort William) and that the price in the immediate post-war period should be based on the last wartime commercial export sale. Canadian sales to the United States and to neutrals are now being made at approximately $1.47 and shipments to the United Kingdom of Government owned wheat are charged to Mutual Aid at $1.25. The representatives of all the other countries taking part in the discussions — Australia, Argentina, the United Kingdom and the United States, thought that the Canadian price proposals were too high. The United Kingdom delegation suggested a price range of 90( to $1.30. At the conclusion of the meetings, the United States representatives made a compromise proposal for a floor of $1.00 and ceiling of $1.50 both F.O.B. Fort William. All the delegations undertook to refer the United States proposal to their Governments and to request instructions necessary to enable the Wheat Council formally to consider it at its next meeting, which will begin on April 19th.

While not certain, there is a considerable chance that the United States suggestion will, after some discussion, be acceptable to Australia, Argentina and the United Kingdom. However, it can be argued that Canada should not agree to the United States proposal, and that Canada should adhere to its original proposition, namely a range between the Canadian minimum and the United States maximum. It may be felt that it is not practical (politically) for Canada to agree to a fixed maximum export price which is substantially lower than the probable rising prices which United States farmers will be receiving during a period when the United States is importing heavily from Canada. Under the United States parity price policy, it is quite likely that United States domestic wheat prices will continue to rise for a time.

Depending upon the Canadian attitude it is probable that agreement could be reached on the United States proposal, or some slight modification of it. It is not likely that the Canadian suggestion outlined above will be acceptable to any of the other Governments. If the Canadian position is maintained, the Wheat Agreement, for all practical purposes, will become meaningless and possibly break down altogether. This might have some unfortunate repercussions on the possibility of getting sensible international commodity arrangements in the future. Failure to obtain agreement on a reasonable price might also intensify British caution, and lead her to husband her bargaining power with reference to the purchase of agricultural products generally from Canada during the immediate post-war period.

We must consider also whether, in all the circumstances, export wheat prices higher than $1.50 are really in our interest. During the period of the war and perhaps for a short time after, the Canadian Government will have to finance, directly or indirectly, a good part of our wheat exports to the United Kingdom and Russia. The higher the prices the greater the burden on the Canadian Treasury. Also, export prices in excess of $1.50 if maintained for some years are sure to result in an over expansion of wheat production both on the part of ourselves and our competitors, with a renewal in the post-war period

of the difficulties of the thirties. The Canadian interest lies in a large volume of exports at reasonable prices. This will not be possible for long if the higher cost export competitors in the rest of the world are induced to expand their output considerably. In Canada itself the inevitable extension of production into marginal areas would bring in its train the social and economic problems consequent upon the subsequent readjustment.

**703.** DEA/4171-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1029 Ottawa, May 29, 1944

The International Wheat Council functioning in Washington under the Memorandum of Agreement of June 27, 1942, undertook last January to negotiate a new price agreement to be substituted for the price provision in paragraph 6 of the Memorandum of Agreement which fixed prices for the first six months after the total cessation of hostilities, including the end of the war with Japan as well as with Germany, at the level of the last bulk purchase price negotiated by the United Kingdom with Canada. Now that bulk purchases have been discontinued in favour of Mutual Aid transfers, either a new price provision must be negotiated or the existing provision must be deleted. The latter admittedly would seriously weaken the wheat agreement.

Meetings of the International Wheat Council have been held intermittently since the first of April to negotiate a new price agreement. The British, American and Australian delegates were strongly in favour of having a minimum and maximum range of prices effective now rather than negotiating a range to take effect at the end of hostilities. At first the Council endeavoured to find a range which would take effect now but be subject to review every six months or year. When the ranges proposed by the various delegations on this basis were found to be irreconcilable, the United States delegation made a formal proposal that the following clause be substituted for the concluding sentence of paragraph 6 of the Memorandum of Agreement:

"Pending such determination the five countries will maintain, from the 1st May 1944 and until the termination of the provisions of this Memorandum, export prices of wheat of not less than 100 Canadian cents per bushel and not more than 150 Canadian cents per bushel, both basis No. 1 Northern in store Fort William-Port Arthur; equivalent f.o.b. prices will be calculated for wheats of the other exporting countries and will be adjusted from time to time to meet substantial changes in freight and exchange rates."

The Memorandum of Agreement ends two years after the total cessation of hostilities.

The American proposal gave rise to two substantial difficulties, the first being that an effective ceiling of $1.50 would be placed on the Canadian wheat

exports to the United States which is an abnormal movement inasmuch as the United States normally a net wheat exporter is importing more wheat from Canada in 1944 than is the United Kingdom. It was never contemplated until recently that the machinery of the Wheat Agreement should be employed to control the price on this movement.

The second difficulty is the duration of the Agreement, the United Kingdom having been unable to accept a floor price commitment of $1.00 for as long as two years after the end of the war with Japan.

The first difficulty has been largely resolved by agreement on the part of the Americans to add the following clause:

"Inasmuch as trade in wheat between exporting countries arises largely from dislocations resulting from the war these minimum and maximum prices shall not apply in respect to such trade."

The British Government, however, has queried this clause, and has proposed acceptance of it on condition that the Canadian Government, through an exchange of notes, will undertake, in spite of the possible attractiveness of the American market, to meet all the United Kingdom's requirements from Canada of wheat and flour within the price range. The Canadian delegation were surprised that the British Government would require such an assurance, particularly in the light of past policy which has been so to meet British requirements. In fact the Mutual Aid procedure as applied to wheat was established in order that the full British requirements could be transferred on a different and lower price basis than that on which Canadian wheat is being offered to the United States.

The question of the duration of the agreement is a more difficult one. The British Government at first replied to the American proposal with the following amendment:

"That the price range of 100 to 150 Canadian cents per bushel, basis No. 1 Northern f.o.b. Fort William-Port Arthur, should be maintained until 1st August 1946 or until the first August 1st occurring not less than twelve months after the cessation of hostilities in Europe, whichever be the later date, and that thereafter, and up until two years after the end of the war with Japan, the price range should be lowered to 90 to 130 Canadian cents per bushel, basis No. 1 Northern f.o.b. Fort William-Port Arthur."

On advice that the American Government could not agree now to any period in which the floor would be based on 90 cents Canadian, the British Government offered a second amendment as follows:

"That a range of $1.00 to $1.50 should be maintained from the date agreement is reached until August 1, 1946, or until the first August 1 occurring not less than 2 years after the cessation of hostilities in Europe, whichever be the later date."

The proposal to terminate the agreement at the expiration of two full crop years after the end of the war in Europe in place of the American proposal to relate the termination to the expiry of two years after the end of the war with Japan would shorten the period in which the floor price of $1.00 Canadian

might be effective. By having the price agreement commence now, rather than at the end of the war, the agreement would be substantially at Canada's expense. Canada would have to forego prices above $1.50 for the remainder of the war and for some period thereafter on wheat sold to commercial buyers except the United States. In return, the agreement would be terminated shortly after the freeing of shipping, and the fulfilment of relief demands might result in the floor of $1.00 becoming effective.

For this reason, when the second British Amendment was submitted to the Wheat Council, Dr. Wilson,[23] the Canadian delegate from Ottawa, suggested that the effective period of the British proposal be extended to include the expiry of three years from the date of the cessation of hostilities in Europe. The text of his proposal follows:

"The range of $1.00 to $1.50 be maintained from the date agreement is reached until August 1, 1947 or the expiry of three years after the cessation of hostilities in Europe, whichever be the later date."

It may be pointed out that the British proposal as it stands terminates the agreement two years after cessation of European hostilities at the shortest, and three years at the longest. Dr. Wilson's proposal, since confirmed by the Canadian government, would make the three year period definite.

At the meeting of the Council on May 18, Mr. Twentyman,[24] the British delegate, reported that he had consulted his government on the Canadian proposal and that it was unacceptable.

The United States, Australian and Argentine delegates reported that they could accept either the British or the Canadian proposals and accordingly left the matter for direct discussion between the British and Canadian delegates.

On May 20, Mr. Twentyman offered to submit any further representations from the Canadian delegation to his Government, but since negotiations through this channel of communication appeared to have been exhausted the Canadian delegates proposed that the matter be taken up directly by the High Commissioner for Canada in London.

Will you please, therefore, arrange a meeting with the Secretary of State for Dominion Affairs and request a reconsideration of the British position on the Canadian proposal. The view of our Government is that the duration of the agreement proposed by the British Government falls considerably short of balancing the interests of exporting and importing countries, when, as carefully as any prediction may be made, export prices during this period will almost certainly be kept in check for the greater part of the period by the ceiling of $1.50, whereas there is little probability of their being supported by the floor of $1.00 until shortly before the end of the agreement. The Canadian proposal represents a substantial concession in time from the American proposal and makes definite the longest period which the British proposal would permit.

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[23]C. F. Wilson, directeur, Direction du blé et du grain, ministère du Commerce.
C. F. Wilson, Director, Wheat and Grain Division, Department of Trade and Commerce.
[24]E. Twentyman, Mission alimentaire britannique, Washington.
E. Twentyman, British Food Mission, Washington.

General acceptance might be obtained in Canada for an agreement extending three years after the European war, but not for an agreement which might terminate two years after that date. The Canadian Government feels that as a matter of equity in conformity with the principle of balancing producer and consumer interests in a commodity arrangement, the duration of a minimum and maximum price range should be such that the floor price should have prospects of being effective for as long a period as the ceiling price is likely to be effective.

Regarding the British request for an undertaking by Canada to furnish British requirements within the price range, you might say that no departure has been contemplated from our demonstrated policy of making British requirements our first export priority. If on the other hand, the British Government feels it should have some definite assurance, we would propose a further clause in the price agreement coinciding with the intention of paragraph five of Article five of the Draft Convention. At the same time, we should call attention to the fact that the proposed agreement does not bind the United Kingdom not to buy below the floor from non-signatory exporters. Although we appreciate that the British delegate has recorded in the minutes of the Council that it is not the intention of the British Government to seek to take advantage of the agreement by buying below the floor from non-signatory exporters, and although we also appreciate that the agreement cannot long survive unless all substantial exporting countries ultimately become parties to the agreement, we feel that the British Government should be prepared to undertake in the agreement not to pay less than the floor price for any wheat imports if they attach importance to our binding ourselves to offer wheat freely to the importing countries within the limits of the price range.

I would suggest that you invite Mr. R. V. Biddulph[25] to accompany you on these discussions, since he has participated in similar negotiations conducted through the Wheat Council.

Mr. Twentyman is being given the substance of this cable in order that he might separately submit these representations through the channels he has been using.

**704.** DEA/4171-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

DESPATCH A.439 London, July 18, 1944

With reference to your telegram No. 1029 of the 29th May, and subsequent correspondence† regarding Wheat price negotiations, I have now received from

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[25]Commissaire européen, Commission canadienne du blé.
European Commissioner, Canadian Wheat Board.

the United Kingdom Government a memorandum which I enclose herewith, setting forth their views on the subject of Wheat prices for communication to the Canadian Government.

A copy of my letter of June 7th,† and of the aide mémoire on this subject† which was based on your telegram No. 1029 of the 29th May, will be forwarded to you by the next bag to complete your records.

I have etc.

VINCENT MASSEY

[PIÈCE JOINTE/ENCLOSURE]

DEA/4171-40

*Mémorandum du gouvernement de Grande-Bretagne*
*Memorandum by Government of Great Britian*

INTERNATIONAL WHEAT AGREEMENT

PRICE DISCUSSIONS

1. The United Kingdom Government have given careful consideration to Mr. Massey's aide-mémoire of the 7th June,† dealing with certain aspects of the recent discussions at the International Wheat Council on the subject of wheat prices. The United Kingdom Government greatly regret that it has not been possible for them to accept in their entirety the views advanced by the Canadian Government in this matter, and it may perhaps conduce to a fuller understanding of their attitude if a brief reference is first made to the history of the recent negotiations.

*Brief History of Price Discussions.*

2. It will be recalled that the view originally put forward by the United Kingdom Government was that it would be inadvisable to attempt to fix wheat prices under the Wheat Agreement, since in their judgment conditions generally were too uncertain to make such an attempt profitable. As, however, it became clear that other Governments represented on the Wheat Council were anxious to make an attempt to reach agreement on a price formula, the United Kingdom representative was authorized to announce at the meeting of the Council in August, 1943, that the United Kingdom Government were willing to play their part in an endeavour to reach agreement on a price fair to producer and consumer; it was then contemplated that the range of prices agreed should come into effect at once, and be reviewed in the August of each ensuing year. In reaching this decision the United Kingdom Government were influenced particularly by the desire of the Canadian Government to amend the last section of paragraph 6 of the Memorandum of Agreement.

3. At that time the range of prices envisaged by the United Kingdom Government (but not conveyed to the Wheat Council) was 80/100 cents a bushel f.o.b. Fort William. Meanwhile the exceptional trade between Canada and the United States caused prices to rise considerably. In February 1944, it

was the issue of the United Kingdom Government that had it not been necessary to make provision for this special Canada-United States trade, a maximum price of 120 or 125 cents would have been appropriate. It was, however, the aim that a price range should be fixed which covered all the export trade of signatory countries including that between the exporting countries themselves. Full recognition of the rise in prices was given in the subsequent instructions to the United Kingdom representative to accept if necessary a revised price range of 100/145 cents to remain in force until August, 1945, and to be reviewed thereafter; this maximum of 145 cents was accepted by the United Kingdom Government solely in order to cover Canadian sales to the United States of America without involving a reduction of the price ruling in those sales.

4. It was made clear however in further discussions that the Canadian Government felt unable to accept a price agreement on these lines. Consideration was then given to the United States proposal of a price of 100/150 cents to run until two years after the cessation of hostilities but the United Kingdom Government felt bound for their part to oppose this since, in accordance with the final minutes of the Wheat Discussions at Washington in 1942, the proposal would have involved fixing prices for two years after the end of the war with Japan — possibly until 1948 or 1949. The United Kingdom Government considered that it would be altogether inappropriate for them, having regard especially to their position as the only representative of consumers, to accept such a high level of prices for such a long period. They therefore offered the following alternatives:

(a) A price of 100/150 cents until 1st August, 1945, or 1st August not less than twelve months after the end of European hostilities and thereafter until two years after the end of war with Japan a price of 90/130 Canadian cents, or

(b) a price of 100/150 cents until 1st August, 1946, or the 1st August not less than two years after the end of hostilities in Europe, whichever were the later date.

These proposals were made on the assumption that they would cover all wheat moving in international trade sold by signatories to the Wheat Agreement, including the trade between the United States and Canada.

5. Proposal (a) was not acceptable to the Canadian or United States Governments. Proposal (b) was acceptable to all other Governments except the Canadian Government, which considered, in the first place, that the duration of the price range was not sufficiently long to protect Canada, and, in the second place, that it should not apply to trade between Canada and the United States. In order to reach agreement, the United Kingdom Government, though with misgiving agreed that the price range should not apply to trade in wheat between any of the four major exporting countries. They felt unable to agree however to the proposal that the duration of the price range should be extended.

6. It will be seen that in the course of these negotiations the United Kingdom Government, in their desire to reach agreement, have made considerable concessions to the views of the other participating Governments.

*Canadian Representations*

7. The Canadian Government, in their aide-mémoire of the 7th June, raise two points —

(i) The United Kingdom proposal that Canada should give an undertaking to supply the requirements of the United Kingdom within the agreed price range.

(ii) The duration of the agreed price range.

*Supply of United Kingdom Requirements Within the Price Range*

8. The Canadian Government have stated that if the United Kingdom Government need some definite assurance that wheat will be made available to fulfill their requirements, they would propose that a further clause should be added to the Price Agreement, coinciding with the intention of paragraph 5 of Article V of the draft Convention (which provides that the exporting Governments should ensure that wheat for export is at all times on sale at prices not in excess of the maximum equivalents fixed under that Article). The Canadian Government ask that the United Kingdom Government should for their part, give an undertaking not to pay less than the floor price for any wheat imports from non-signatory exporters. It should be explained that in asking for an assurance that adequate supplies of wheat would be made available within the price range to meet United Kingdom requirements, the United Kingdom Government did not of course mean to cast doubt on the willingness of the Canadian Government to continue in the future, as in the past, to supply the United Kingdom with the wheat which it might need. The request was prompted simply by the fear that if sales of wheat from Canada to the United States were to continue at unrestricted prices outside the provisions of the agreement the traffic might grow to such proportions as possibly to encroach on, or constitute a handicap to, the normal trade in wheat between Canada and the United Kingdom. Since in order to meet the difficulties of the Canadian Government, the United Kingdom Government had agreed to the trade between Canada and the United States being excluded from the provisions of the price agreement, notwithstanding that it was in order to cover that trade that a price range of 100/150 cents had been accepted, it was felt that the Canadian Government would readily understand the desire of the United Kingdom authorities to protect themselves against any risk there might be of wheat sales to the United States causing a reduction in the supplies available for the United Kingdom's essential needs. It is recognized, however, that there may be little likelihood in practice of the trade with the United States reaching such dimensions, and if the Canadian Government for their part regard any such apprehensions as unrealistic, the United Kingdom Government are fully prepared to defer to their judgment and to refrain from pressing their request. They have every confidence that the close co-operation which has existed throughout the war between the two countries in this as in other fields will continue and have no doubt that any difficulties which may be

found to arise from time to time on either side will be readily capable of adjustment in discussion between the two Governments.

*Duration of Price Range*

9. The United Kingdom proposal was that the agreed price range should remain in force until 1st August, 1946 or 1st August two years after the cessation of European hostilities, whichever were the later date. In view, however, of the passage of time since these proposals were originally made, and in the hope that the proposals may be more readily intelligible to Canadian public opinion, the United Kingdom Government now suggest that the date 1st August, 1946 in the above formula should be altered to 1st August, 1947. The Canadian Government, for their part, suggest the continuance of the price range until the 1st August, 1947, or three years after the European Armistice, whichever is the later date. Assuming that the European war ends before 1st August, 1945, the United Kingdom proposal would terminate the price range on 1st August, 1947 and the Canadian proposal at some date between the 1st August, 1947 and 1st August, 1948. The Canadian Government justify the suggested longer duration of the price range on the grounds that in order to balance the interests of producers and consumers, the price floor should have prospects of being effective for as long a period as the price ceiling, and that under the United Kingdom proposal prices would be prevented from rising for a longer period than the floor would prevent them from falling.

10. Given the high levels of the agreed price range, the United Kingdom Government feel unable to accept the view that its duration should be so fixed as to enable both the maximum and the minimum price to operate effectively over approximately equal periods. Such an arrangement would introduce a principle which would be extremely difficult to apply in that it would be impossible to say in advance how long prices would remain at the maximum and therefore how long the minimum price should operate after prices had fallen to that figure. Indeed, such a neat balancing of maximum and minimum prices over a period of time seems artificial and inappropriate to the arrangements under discussion.

11. The United Kingdom Government believe that it was not the intention under the draft Convention itself to balance the interests of producers and consumers in the manner suggested by the Canadian Government. Paragraph 2 of Article V of the draft Convention provides that the prices fixed should in the opinion of the Council,

(a) return reasonably remunerative prices to producers in exporting countries,

(b) be fair to consumers in importing countries,

(c) be in reasonable relationship to prices of other commodities, and

(d) make appropriate allowance for exchange rates and transportation costs.

They read this as meaning that a price range should, whilst fulfilling these requirements, be as narrow as possible, and that the problem of balancing the claims of producers and consumers should be achieved rather by a choice of a

suitable price range, than by its duration. The latter method would in particular be much more speculative in its operation. In this connexion it will be remembered that the arrangements under discussion are transitional and will doubtless be replaced before their expiry by something more comprehensive and complete. In that event, wheat producers will secure continuously prices which have received the joint approval of both importing and exporting countries.

12. For the transitional period the maximum price is now agreed. It appears to the United Kingdom Government important that before a minimum is fixed for longer than the minimum transitional period, the discussions should embrace a number of considerations which cannot now be properly assessed, and should take into account the views of the importing countries which have hitherto had no voice. The Memorandum of Agreement will no doubt be superseded by a comprehensive Agreement, possibly before its expiry, and the United Kingdom Government were prepared, with this in mind, to conclude an amendment to the Memorandum of Agreement providing a minimum price of 90 cents for a longer period. But an agreement that would suggest that a minimum of 100 cents should be held for longer than two full years from the cessation of European hostilities (which should be adequate for further discussions) appears to the United Kingdom Government to be open to objection.

13. For these reasons, therefore, the United Kingdom Government express the hope that the Canadian Government will now be prepared to accept the United Kingdom proposal that the price range should last until the 1st August, 1947, or until 1st August two years after the cessation of European hostilities, whichever is the later date.

**705.** DEA/4171-40

*Aide-mémoire du haut commissaire de Grande-Bretagne*
*Aide-Mémoire by High Commissioner of Great Britain*

516B/181 [Ottawa] August 3, 1945

AIDE MEMOIRE

*(Left with Under-Secretary of State*
*by High Commissioner for United Kingdom)*

It is understood from the Ministry of Food that the stocks of Crown Wheat are, or will shortly be, exhausted and that it will therefore be necessary in the near future to fix prices for new purchases. While it is recognized that this is, of course, a matter entirely for the discretion of the Canadian Government, the United Kingdom authorities are anxious to submit certain points for the consideration of the Canadian Government since they feel that any proposal to raise prices would have far-reaching effects.

As the Canadian authorities are aware, the Wheat Council is due to meet in London later this month. At this meeting a further (and possibly final) attempt

will be made to reach agreement on the Australian, Argentine and U.S.A. price equivalents for $1.00 to $1.50 for Canadian No. 1 Manitoba wheat. Any further rise in Canadian prices would probably mean a figure in excess of the suggested maximum of $1.50 and might therefore seriously threaten the whole basis of this plan. Furthermore, any such increase would be likely to have immediate repercussions on the price of Argentine wheat, irrespective of the price ultimately determined under the Wheat Agreement.

The United Kingdom authorities feel also that the possible financial implications of any increase in price may be important. They appreciate that the Canadian authorities might wish to make any necessary adjustments in Mutual Aid to absorb the increased price in the immediate future, but even in this event the long term problem would remain serious. The United Kingdom does not feel entitled to count upon any extension of Mutual Aid into Stage III, which may now be near, and in this event the United Kingdom's already very grave financial problem in Stage III would be correspondingly aggravated. Moreover, a higher wheat price might very well result in pressure for higher prices for other commodities. If such increases were granted the financial difficulties of the United Kingdom would be *pro tanto* greater. On the other hand, a further increase in the price of wheat without a corresponding increase of livestock products might be expected to encourage wheat production at the expense of livestock production. Though this might be partially offset if any limit on wheat deliveries were fixed, the Ministry of Food feel there would be a serious risk of the non-fulfillment of the minimum contracts already completed for beef, bacon and eggs in 1946, and as the Ministry have already made clear, they are anxious, if possible, to obtain whatever supplies can be made available in excess of the minimum which have already been stated.

The United Kingdom authorities therefore venture to express the most earnest hope that it will be possible for the matter to be settled in such a way as will enable any increase in the price of Crown Wheat to be avoided.

**706.** DEA/4171-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

DESPATCH 970 Ottawa, August 5, 1944

Sir,

I am referring to your despatch No. A. 439 of July 18th, in which a memorandum that you had received from the United Kingdom Government setting forth their views on the subject of wheat prices was enclosed. The Canadian Government shares the view set out in paragraph 8 of the memorandum that it is unnecessary to record formal recognition of Canada's readiness to meet the full wheat requirements of the United Kingdom within the price ranges about to be agreed on, and shares the confidence expressed by

the United Kingdom Government that the close co-operation which has existed between the two countries in this as in other fields will continue and that any difficulties which may arise will be capable of adjustment by direct discussion between the two Governments.

The views of the United Kingdom Government, as set out in paragraphs 9 to 13 of the memorandum concerning the duration of the price range, have been given careful consideration, including the reasons for the United Kingdom's rejection of the Canadian proposal that "the range of one dollar to dollar fifty be maintained from the date agreement is reached until August 1, 1947, or the expiry of three years after the cessation of hostilities in Europe, whichever be the later date." The United Kingdom Government's alternative proposal that the price range should last until August 1, 1947, or until the first August 1st occurring two years after the cessation of European hostilities, whichever is the later date, substantially meets the objection raised by the Canadian Government to the earlier United Kingdom proposal. The Canadian Government accordingly appreciates and welcomes this new proposal, and is instructing the Canadian delegation to the International Wheat Council to support the new British proposal at the forthcoming meeting of the Council.

I shall appreciate it if you will convey this reply to the United Kingdom Government. It is to be hoped that an early meeting of the Council can be arranged in order to conclude the Agreement. It is our understanding that the question of f.o.b. differentials of the dollar to dollar fifty range in Australia and Argentina is the only remaining difficulty and that this point is the subject of direct discussion between the appropriate Australian and United Kingdom officials.

**707.** DEA/4171-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 1853 Ottawa, August 13, 1945

Following for Biddulph from Wilson, Begins: Re International Wheat Council. With majority of Wheat Council delegates in London, it was agreed that August meeting of Council should be held in London rather than Washington. Have not yet received advice of definite date of meeting.

Wheat Committee of Cabinet last Tuesday decided that you should represent Canada at this meeting. Please contact Cairns[26] and advise him you still represent Canada.

Principal issue at meeting will be price discussions initiated at January 1944 meeting and not yet concluded. You will recall early in 1944 Canada offered to

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[26]Andrew Cairns, secrétaire, Conseil international du blé.
Andrew Cairns, Secretary, International Wheat Council.

accept floor of $1.00 and ceiling of $1.50 basis No. 1 Lakehead, provided we had practically a three-year agreement. To date only Argentina has agreed Argentine equivalent this range. Australia and United States still holding out.

At August meeting United Kingdom may press for conclusion of agreement.

Canadian position approved by Wheat Committee is that our original offer $1.00, $1.50 still open for purposes of negotiation at August meeting on understanding that agreement would continue in force three years. If other exporters during August negotiations fail to fall in line, then our $1.00, $1.50 offer to be definitely withdrawn. In other words, if price negotiations break down again, as they may do, you should support our January 1944 request for deletion of last sentence of paragraph 6 Memorandum of Agreement.

Reference relief item on agenda, hope to have you advised before meeting where Canada stands on 25,000,000 bushel relief commitment. Roughly 15,000,000 bushels was sent as gift to Greece and remainder to UNRRA paid for out of Canadian contribution to UNRRA.

Draft Agenda of August Wheat Council meeting as follows:

"1. To consider the approval of the minutes of the fourth and fifth sessions of the Eighth Meeting (I.W.C. (Minutes) 8/4 and 8/5)† held on 28th August 1944 and 30th January 1945.

"2. To elect a Chairman of the Council to succeed Mr. Paul H. Appleby.

"3. To consider the advisability of electing a Vice Chairman (at its first meeting held on 3rd August 1942 the Council agreed indefinitely to postpone the election of a Vice Chairman).

"4. To exchange views on the 1945/46 supply position.

"5. To consider the present position regarding the contributions of Governments of relief wheat under paragraphs 2 and 3 of Article VI (Relief Pool) of the Draft Convention (letters from: the Argentine representative, dated 20th April 1945; the Australian representative, dated 12th July; and the United Kingdom representative, dated 16th July).

"6. To approve its budget for the year ending 31st July 1946 (Note by the Secretariat to be circulated at the meeting.)

"7. To consider the report of the Executive Committee on the determination of prices (Document I.W.C. (Prices) 5/45 to be circulated as soon as its text — now in draft form — has been agreed by the members of the Committee).

"8. To exchange views on the following provision of paragraph 3 of the Memorandum of Agreement: '. . . the United States, so soon as after consultation with other countries it deems the time propitious, should convene a wheat conference of the nations having a substantial interest in international trade in wheat which are willing to participate . . .'

"9. Any other business." Ends.

**708.** DEA/4171-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 1985 Ottawa, August 29, 1945

Following for Biddulph from Wilson, Begins: Have reviewed correspondence mentioned McIvor's cable twenty-fourth[27] and his explanation in that cable quite correct.

Would add that in spring of 1944 I had a long discussion with Twentyman over principle of a three-year price agreement versus two-year agreement which United Kingdom then favoured. In May 1944 United Kingdom Government accepted three-year principle leading to acceptance of August 1, 1947, termination. While not expressly stated, this was clearly on assumption agreement would commence around August 1, 1944.

Canadian Government's position now is that loss of a year in negotiations should extend and termination date to August 1, 1948. With prices over ceiling and world position very strong, floor guarantee unlikely to be any use to exporters in two-year agreement now while having to make concessions on ceiling.

Re price extensions generally, first issue is whether United States and Australia will accept their equivalents. If not, negotiations break down and you should withdraw Canadian Government's offer to accept $1.00 and $1.50 because of other exporters' failure to reach agreement. If others accept their equivalents then you would need to advance our August 1, 1948, termination based on immediate commencement of agreement, and you would probably get support of other exporters, also that of United Kingdom who have recently shown their anxiety to bring the $1.50 ceiling into effect.

Am at present convalescing and out of touch with office; would appreciate your following up other matters through McIvor. Ends.

**709.** DEA/4171-40

*Le haut commissaire par intérim en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2540 London, September 3, 1945

Following for McIvor from Biddulph, copies for Cabinet Wheat Committee and Wilson, Begins: Covering International Wheat Council meetings August 31st and September 1st, 1945.

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[27]Non trouvé./Not located.

1. United Kingdom could not reconcile Australian equivalents. Nothing was said of United States and United Kingdom equivalents.

2. United Kingdom suggested new approaches to hold the 1 dollar to 1 dollar 50 range for two years irrespective argumentative equivalents.

3. You may recall that disagreement on equivalents automatically closed the eighth meeting with the deletion of the bulk sentence. Therefore, could not permit paragraph 2 approach without stating Wheat Committee views to show Government's willingness continuing negotiations on 3 year basis.

4. It appeared a shock to the United Kingdom to hear of 3 years.

5. I made it definite that we withdrew unless these equivalents were agreed to there and then.

6. There was no agreement.

7. The eighth meeting closed with a recommendation to Government for the deletion of the last sentence of paragraph 6 of Memorandum of Agreement and, of course, the price range also disappeared.

8. The ninth session opened with suggestions of the same range — the same two years.

9. Further suggestions, when previous paragraph failed, that prices reach no higher than at present for the present crop. This being occasioned as a Preparatory Committee is to be formed inviting ten nations to discuss the Wheat Agreement within the next few months.

10. Finally, on my flat disagreement at the wording of above paragraph, as it simply meant Canada sacrificing and no one else, it resolved itself into a recommendation to Governments to keep the price as low as possible.

11. Eventually the United States spoke at greater length and, as I had already assumed from their previous remarks, they mean to obtain a price on the export markets of the world as near their parity as possible and no subsidy considered.

12. The United Kingdom, through Mr. Broadly, openly recognised our difficulty vis-à-vis with United States and expressed the pious hope that Canada would do all possible to keep prices low. I pointed out that this is what she had been doing continuously and with great difficulty.

13. A further personal talk with Farringdon of United States implied that United States might be in the position to make some small compromise, which presume must be through some type of parity juggling, as their orders appear to be no subsidy possible balance this crop.

14. You may be able to explore this point when he returns in a fortnight.

15. All else personal letter.† Ends.

**710.** DEA/4171-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2047 Ottawa, September 6, 1945

Following for Biddulph from McIvor, Begins: Your 2540 and 2545[1] received, fully noted and discussed at length with Wheat Committee last night.

1. We feel in view United States stand you took only possible position.

2. Summarizing your cable as we understand recommendation. Last sentence of paragraph 6 will be deleted.

3. Further, there is no agreement whatsoever now with regard to price.

4. Except resolution urging supplying countries to maintain lowest possible levels on export wheat.

5. Which in view United States declaration re parity prices surely makes such a recommendation rather absurd.

6. Your comments re next meeting noted. Also reference to invitation other nations for discussions.

7. Your position at meeting would appear to have been most difficult but must comment that situation well handled.

8. We are still in midst of price discussions on current position which you are undoubtedly aware are most complex, particularly account United States position. Hope to cable you over weekend as to decision.

**711.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] September 13, 1945

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WHEAT PRICES

21. THE MINISTER OF TRADE AND COMMERCE explained the position concerning export prices for wheat.

A critical situation had arisen. International discussions had failed to achieve agreement as to price and the United States had now declared their intention of obtaining on export business a price as close as possible to their own "parity" price.

In the opinion of the Wheat Board, this situation and the Canadian supply position justified prompt corresponding increases in Canadian prices by approximately 30 to 35 cents a bushel. No increase was being made, however, pending government decision.

The question had been considered by the Cabinet Wheat Committee, but no decision had been reached. Alternatives which had been discussed were a possible long term agreement with the United Kingdom, or the establishment of a ceiling price of $1.55, coupled with a floor of $1.00, such arrangement to be effective for a period of five years.

(Copies of an explanatory note[1] were circulated and returned to the Secretary at the end of the meeting.)

(Minister's memorandum, updated, re wheat prices — Cabinet Document 60).[1]

22. THE CABINET, after considerable discussion, agreed to defer further consideration of this question to a special meeting to be held the following day.

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**712.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] September 14, 1945

. . .

WHEAT PRICES; STABILIZATION POLICIES

1. THE PRIME MINISTER, referring to the discussion at the previous meeting, emphasized the gravity of the issues involved in reaching a decision on the question raised by the Minister of Trade and Commerce.

2. THE MINISTER OF FINANCE read a memorandum from the Wartime Prices and Trade Board assessing the effects upon administration of the govenment's stabilization policies of an increase in the export price of wheat. If wheat prices were permitted to rise, corresponding increases would follow in coarse grains, livestock and dairy products, with the inevitable result that the whole price ceiling programme would be critically affected.

3. THE MINISTER OF TRADE AND COMMERCE suggested that consideration be given to a solution along the lines suggested in the memorandum which he had circulated at the previous meeting, namely, a floor price of $1.00 a bushel and a ceiling of $1.55 for a definite period of years.

4. THE CABINET, after further considerable discussion, agreed that a draft measure be prepared for consideration at the next meeting on the basis of a guaranteed floor of $1.00 a bushel and a ceiling price at the present level of $1.55 to be effective for a period of five years.

. . .

713. PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] September 19, 1945

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WHEAT PRICES; STABILIZATION POLICY

11. THE MINISTER OF TRADE AND COMMERCE submitted an explanatory memorandum, a draft public statement and a draft recommendation to Council for disposition of this question along the lines agreed by the Cabinet at the meeting of September 14th.

The proposals contained in these documents, of which copies were circulated, had been discussed meantime with the Ministers of Finance and Agriculture. They provided for instructions to the Wheat Board to offer wheat for export overseas at prices not higher than the current price of $1.55 a bushel, and for an undertaking by the government that for five years producers would receive not less that $1.00 a bushel on authorized deliveries for each crop year.

(Memorandum to the Minister, Sept. 17 and attached draft statement; also Minister's submission to Council, updated — Cabinet Document G3).†

12. MR. MACKINNON read the draft statement which it was proposed to make in the House of Commons, that afternoon, with certain minor revisions therein made since the draft had been first prepared.

13. THE CABINET, after discussion, approved the documents submitted by the Minister with certain amendments to the draft statement which it was understood would be made that afternoon in the House, and agreed to the passing of an Order in Council to give effect to the policy therein set forth.

(Order in Council P.C. 6122, Sept. 19, 1945).†

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## PARTIE 4/PART 4
## BUREAU INTERNATIONAL DES EXPOSITIONS
## INTERNATIONAL EXPOSITIONS BUREAU

**714.** DEA/12490-1-40

*Décret en Conseil*
*Order in Council*

P.C. 4666 Ottawa, July 3, 1944

The Committee of the Privy Council have had before them a report, dated 16th June, 1944, from the Secretary of State for External Affairs representing as follows:

1. Under the authority of Order in Council P.C. 787 of the 18th April 1934', the instrument of ratification in respect of the Government of Canada of the Convention relating to International Exhibitions, and the Protocol of Signature, signed at Paris on the 22nd November 1928, on behalf of Canada, and approved by the House of Commons and the Senate of Canada on the 6th and 8th March, 1933, respectively, was deposited with the French Government, in conformity with Article 33 of the Convention, on May 22, 1934;[28]

2. Under Article 37 of the Convention the Government of Canada has the option to elect to withdraw, with effect one year after the date of the receipt of the notification of denunciation;

3. In view of the course which is being followed by other interested governments in denouncing the Convention and thus clearing the ground for the negotiation and conclusion of a new Convention dealing with the same matters, it is expedient that action should be taken by the Government of Canada notifying the other interested governments of the denunciation of the Convention in respect of Canada.

The Committee, on the recommendation of the Secretary of State for External Affairs (concurred in by the Minister of Trade and Commerce and the Minister of National Revenue) advise that appropriate steps be taken to denounce the Convention in respect of the Government of Canada.

A. D. P. HEENEY
Clerk of the Privy Council

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[28]Canada, *Recueil des traités*, 1934, N° 7.
Canada, *Treaty Series*, 1934, No. 7.

**715.** DEA/12490-1-40

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*

*Ambassador in France to Secretary of State for External Affairs*

DESPATCH 979 Paris, July 6, 1945

Sir,

I have the honour to refer to your Telegram No. 113 of July 11th, 1944[1], and to the subsequent arrangements made by the Mission in Algiers to forward to the French authorities and to the appropriate authorities in Tunisia and Morocco, formal notice of the termination by the Canadian Government of the Convention relating to International Exhibitions signed at Paris on November 22nd, 1928.

2. I am enclosing herewith a copy of a communication dated July 12th from the Vice-President of the *Bureau International des Expositions*,[1] stating that as a result of the meeting of a number of delegates held on June 5th, it has been proposed to hold a preliminary meeting on November 6th of the representatives of member countries in France, in order to study the question of the revision of the Convention of November 22nd, 1928, and requesting this Embassy to designate a representative for this purpose.

3. Before replying to this communication, I should be grateful for an expression of your views.

I have etc.

GEORGES P. VANIER

**716.** DEA/12490-1-40

*Le sous-ministre du Commerce*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Trade and Commerce*
*to Under-Secretary of State for External Affairs*

Ottawa, August 10, 1945

Dear Mr. Robertson,

May I refer to your reference note of the 8th instant,[1] transmitting copy of Despatch No. 979, of July 16, from the Canadian Ambassador at Paris, concerning the invitation to have a representative from the Embassy attend a preliminary meeting on November 6, of representatives of member countries, to study the question of revising the Convention relating to International Exhibitions.

As you know, the whole situation, immediately pre-war, in regard to the status of this Convention and to the functions of the International Exhibitions Bureau was far from satisfactory, and any move that is to be made in the near future to re-draft the Convention and to put the functions of the Bureau itself on a better defined basis should be carefully considered and guided.

We believe that it would be well to arrange for a representative from the Canadian Embassy in Paris to attend this preliminary meeting and that the Canadian Ambassador should be so informed.

Perhaps, in the first instance, however, it would be advisable to ascertain what views the United Kingdom Government hold in regard to participation in this proposed meeting — as the United Kingdom Government took the initiative in moving for the denunciation of the Convention of November 22, 1928.

This Department is actively interested in the resumption of exhibitions work — including, of course, the field of international exhibitions — and the re-establishment of our Exhibitions Branch on a more adequate basis is one of the matters to which it will be necessary for us to give immediate attention.

Yours faithfully,

M. W. MACKENZIE

**717.** DEA/12490-1-40

*Le sous-secrétaire par intérim aux Affaires extérieures au sous-ministre du Commerce*

*Acting Under-Secretary of State for External Affairs to Deputy Minister of Trade and Commerce*

Ottawa, October 23, 1945

I refer to your letter of August 10th regarding the proposed meeting of the Bureau International des Expositions.

You will remember that, at your suggestion, we inquired what the attitude of the Governments of the United Kingdom and Australia would be towards attending this conference. Attached are copies of the replies' received, from which it appears that the Government of Australia, if an invitation is received, will send an observer and that the Government of the United Kingdom proposes to send a representative who will, however, confine his statements to an explanation of the three reasons which led the United Kingdom to denounce the Convention of 1928.

In the circumstances, we have suggested to our Paris Embassy that Mr. Yves Lamontagne[29] should be nominated as the Canadian representative, to hold a watching brief.

H. H. WRONG

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[29]Secrétaire commercial, ambassade en France.
Commercial Secretary, Embassy in France.

**718.** DEA/12490-1-40

*L'ambassadeur en France au secrétaire d'État aux Affaires extérieures*
*Ambassador in France to Secretary of State for External Affairs*

DESPATCH 1749 Paris, November 20, 1945

Sir,

I have the honour to attach, in duplicate, copy[1] of a letter from the Bureau International des Expositions, requesting the Canadian Government to state, as soon as possible, its wishes regarding the regulations or articles of the Convention with respect to which revision may be desired.

I also enclose, in duplicate, a report prepared by our Commercial Secretary on the meeting held on November 6th, 1945, which he attended as an observer, in accordance with your telegram No. 514 of October 23rd[1], together with two copies of the Convention[1] to which reference is made in his report.

I have etc.

GEORGES P. VANIER

[PIÈCE JOINTE/ENCLOSURE]

*Rapport du secrétaire commercial sur une réunion du Bureau international des expositions*

*Report by Commercial Secretary on Meeting of International Expositions Bureau*

[Paris,] November 10, 1945

Notes on Meeting held in Paris on November 6th, 1945.

*Agenda*

1. President's report on the activities of the B.I.E. since the outbreak of the war.
2. Proposal to amend the Convention.
3. Collection of fees and determination of their amount.
4. Pending proposals for forthcoming exhibitions submitted to the B.I.E.
5. Fixing of date of 1946 meeting.
6. Naming of delegations and appointment of committees.

*Chairman*: Mr. Leon Barety (France).

*Delegates*: The following countries and organizations were represented at the meeting:

Belgium, Canada, France, United Kingdom, Greece, Italy, the Netherlands, Norway, Poland, Portugal, Sweden, Switzerland, Czechoslovakia, Tunisia, International Chamber of Commerce, American Chamber of Commerce in Paris.

The U.S.S.R. had signified its intention to send a representative, but he failed to turn up.

The following countries were not represented: Denmark, Morocco, Roumania, Spain, Australia, New Zealand, Finland.

The Chairman outlined the activities of the Paris office, which were very restricted as a result of the war. A pamphlet was published in 1942 (copy attached)', containing the text of the 1928 Convention, together with the resolutions and recommendations which the Bureau was called upon to draft for the interpretation of and completion of the Convention. This documentation is preceded by an Introduction setting out the reasons for the Convention, and giving certain details regarding its application.

The Chairman expressed regret at the death of Mr. Maurice Isaac, Director of the Bureau, and referred to the problem of his replacement. He pointed out, incidentally, that it would be necessary, in view of the high cost of living in Paris, to considerably increase the salary of the new incumbent, suggesting a coefficient of increase of nearly 5 over the pre-war salary. This matter will be considered by the Budget Committee, which will also discuss the question of membership fees, their amount, and date at which they should become applicable (April 1945 or April 1946).

The following countries have denounced the Convention: United Kingdom, Canada, Australia, and the Netherlands.

The United Kingdom delegate (observer), replying to the Chairman's question respecting the reasons which led to the United Kingdom's denunciation stated that these were (a) the desirability of increasing the number of countries which had adhered to the Convention; (b) the fact that the United States was not a signatory, and that it was desirable that it should be; (c) the intervals between exhibitions were too long. The United Kingdom desired that the Convention be revised and this would be a condition to its re-adhering.

It was unanimously agreed that the Convention should be revised, and a Committee of five was appointed for this purpose. It was also agreed that the United States Embassy in Paris be approached with a view to securing the membership of that country. The U.S.A. and the signatory countries will be requested to state their views in respect to the revision of the Convention.

The Bureau has been informed that an exhibition is planned for Milan, but no date has been fixed for this exhibition. The French Government (Ministry of Reconstruction) is considering an exhibition in Paris during the summer of 1946, in which foreign countries may participate. Switzerland has applied for a priority for an exhibition of popular art.

The next regular meeting of the Bureau will be in May 1946.

YVES LAMONTAGNE

**719.** DEA/12490-1-40

*Le sous-ministre du Commerce*
*à l'adjoint spécial au sous-secrétaire d'État aux Affaires extérieures*
*Deputy Minister of Trade and Commerce*
*to Special Assistant to Under-Secretary of State for External Affairs*

Ottawa, December 21, 1945

Dear Mr. Pierce,

With reference to despatch No. 1749, of November 20, from the Canadian Embassy in Paris, concerning the proposed revision of the Convention relating to international exhibitions, we have been reviewing our file for the purpose of ascertaining on what precise points we would be prepared to suggest revisions of the Convention. In the light of the material that is available in our records, we consider that the letter from Mr. Stephen L. Holmes to your Department, under date of October 19, 1945†, summarizes very well the chief weaknesses in the former Convention that require to be corrected.[30] We would lay particular emphasis on the importance of adherence by the United States to the revised Convention (see paragraph (a) of Mr. Holmes' letter).

Mr. Lamontagne, who attended the meeting of the Council of the International Bureau of Exhibitions in Paris early in November, will be in Ottawa probably within the next fortnight, and we will have an opportunity then of going into this question in somewhat greater detail. I will keep it in mind to write you further with regard to any additional points with reference to changes in the Convention to which also we may wish to attach some special emphasis.

Yours faithfully,

M. W. MACKENZIE

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[30]Résumées dans la pièce jointe, document 718.
Summarized in enclosure, Document 718.

## PARTIE 5/PART 5
## UNION PANAMÉRICAINE ET CONFÉRENCES CONNEXES
## PAN-AMERICAN UNION AND RELATED CONFERENCES

**720.** DEA/2226-40

*Mémorandum de l'adjoint spécial en temps de guerre au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Special Wartime Assistant to Under-Secretary of State for External Affairs*

CONFIDENTIAL [Ottawa,] March 28, 1944

NOTES ON CANADA AND THE PAN AMERICAN UNION

1. There has been no change of any significance in our attitude towards the Pan American Union since Mr. Brooke Claxton gave the address to which Mr. Scully[31] refers in his letter of March 24.[32] The Chilean Foreign Minister wrote to Mr. King offering to sponsor Canada's entry into the Pan American Union shortly before Christmas[33], but the invitation was politely declined with the suggestion that the members of the Pan American Union might prefer to settle such problems as had recently been raised by conditions in Argentina and Bolivia before Canada became a partner. It is the feeling of this department that in any event Canada should not become a member of the Pan American Union until she has been extended a unanimous invitation to join. In other words, we are not interested in membership unless the United States would welcome our participation. That apparently is not yet the case. We are also not disposed to enter the Union only to be used as a factor in controversial matters with the United States by Latin American countries. Friendly relations with the United States must precede cooperation with Latin American states. There seems to be no doubt as to the general friendliness towards Canada in Latin America and the growing prestige of Canada because of her part in the Second World War. When the retiring Minister from Brazil left Ottawa he publicly expressed the hope that Canada would soon be with her sister nations in the Pan American Union. The address of Mr. McCarthy to the Montreal Canadian Club last November, of which Mr. Scully presumably has a copy, was warmly received in Latin American countries.

2. The Canadian government has no objection to participation in conferences of a scientific or technical character organized on a Pan American basis. In the last few months Canadian officers have attended a conference in Demography in Mexico City and on Cartography in New York. Invitations have been

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[31]Hugh Scully, consul général à New York.
Hugh Scully, Consul-General in New York.
[32]Non trouvé./Not located.
[33]Le message fut transmis via le ministre du Chili le 21 janvier 1944.
The message was transmitted via the Minister of Chile, on January 21, 1944.

extended to attend a Pan American Highway Conference in Peru and a Criminal Jurisprudence Conference in Chile. The United States government has invited Canada to send an observer to a meeting of the Inter-American Development Commission which is scheduled for New York in May. All these invitations are under consideration. In the near future Canada will adhere to the Convention of the Inter-American Indian Institute with headquarters in Mexico.[34]

3. The Pan American Union is not well known in Canada. In a Gallup Poll not long ago 72% were recorded as never having heard of the Pan American Union and as not knowing what its purpose was. Of those who did, 80% favour membership. Statements reiterating membership in the Union have been made during the past year either in the House of Commons or on public occasions by Mr. Brooke Claxton, M.P., of the Liberal Party; Mr. Howard Green, M.P., of the Conservative Party; and Mr. M. J. Coldwell, M.P., leader of the C.C.F. At its convention in February the Bloc Populaire endorsed Canada's membership in the Pan American Union. The Union can scarcely be regarded as a party issue, although its enthusiastic support by the Regional Isolationists in the Bloc Populaire might possibly make it somewhat suspect in Conservative circles in Ontario.

4. According to recent comments made by an official of the United Kingdom Foreign Office, the British government would welcome Canada's membership in the Pan American Union. They regard the Union as a background type of regional organization which may help to contribute to world peace after the war, and they feel that Canada could act as a bridge between the British Commonwealth and the Union. They would in no way regard Canadian membership in the Union as a weakening of Commmonwealth loyalties.

5. Canadian contacts with Latin America are steadily increasing. There are now Canadian Embassies in Brazil and Mexico and Canadian Ministers accredited to Argentina and Chile. Canada and Peru are also expected to exchange missions in the near future. Canadian Trade Commissioners are found elsewhere in the leading Latin American countries. The Wartime Information Board has a Latin American Section which is active in spreading information about Canada in Latin America and in assisting in arranging visits for prominent Latin Americans to Canada.

[F. H. SOWARD]

[34]En réalité, le Canada n'adhéra pas à la Convention.
Canada did not in fact adhere to the Convention.

**721.** DEA/2226-40

*L'ambassadeur au Chili*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in Chile*
*to Under-Secretary of State for External Affairs*

SECRET Santiago, August 12, 1944

Dear Mr. Robertson,

Thank you for your letter of July 8th.[†]

I had drafted a letter to you in connection with the Pan-American Union, but what I was saying seems to be considerably affected by the recent speech of the Prime Minister,[35] of which extracts were given in your telegram No.8.[†] I take this to be an indefinite postponement of the idea of Canada joining the Pan-American Union. I have not seen any reference yet in the local press to the speech, but if I am right in my diagnosis of it, I think that it would be well to have some formula ready in case I am again asked about Canada's stand.

In this connection Mr. Soward's confidential report of April 17th, 1944,[36] enclosed with your confidential circular 108 of July 15th[†] states on page 11 that, to the Chilean expression of willingness to sponsor Canada's entry now or in the future into the Pan-American Union, "a polite and evasive refusal was returned." I have rather gathered that Sr. Fernandez takes the answer that was forwarded by Dr. Grove to be not so much a refusal as a deferring.

I am wondering whether the fundamental changes in the Pan-American constitution, to which the Prime Minister refers as being necessary before an invitation can be given to Canada, may not have to go beyond the question of the designation of members. Assuming that Pan-America becomes more and more political, there will have to be some idea where it will fit into peace plans and world organization. There would also, I think, have to be some re-statement of the bases of the Union making for democratic equality between the members. The tone used by Mr. Hull in his recent memorandum on the Argentine[37], whatever the merits of the complaint, fills one with misgivings and is in sharp contrast to the tone used by Mr. Churchill. The Churchill rebuke[38] was made from an equal to an equal. The Hull memorandum is in a very different tone. It may yet be brought home to the United States that such a tone defeats its object and, in my opinion, helps powerfully to inspire "Hispanidad". One certainly would not like to have Canada at any time exposed to such a tone. And even if such language were not addressed to us one would not wish to be compromised from time to time through its being addressed to others.

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[35]Le 4 août 1944. Canada, Chambre des communes, *Débats*, 1944, volume VI, pp. 6124-5. August 4, 1944. Canada, House of Commons, *Debates*, 1944, Volume VI, pp. 5912-3.
[36]Non trouvé./Not located.
[37]États-Unis/United States, *Department of State Bulletin*, Volume 11, July 30, 1944, pp. 107-11.
[38]Le 2 août 1944/August 2, 1944. Grande-Bretagne/Great Britain, House of Commons, *Debates*, Fifth Series, Volume 402, Column 1484.

Whether or not Canada joins the Pan-American Union, there is a concrete question that might possibly arise for us. What stand is Canada going to take should Argentina actually run amuck? Mr. Bowers[29] says to me, as I have quoted elsewhere, "We are fighting against Fascist aggression in Europe and Asia, we cannot let it go unchecked in America". Will Canada feel that this line equally applies to her? Mr. Bowers has twice expressed to me his relief that there is another non-Iberian but American country speaking down here, and with a special title to do so. So far, of course, our speaking has been restricted to politenesses. Are we going to take the line that difficulties between South American countries are not our concern unless we enter the Pan-American Union, or are not our concern as one of the United Nations, but are for those countries, and particularly for the United States to solve? The point will necessarily affect thinking on regionalism and the linking up of any regions with an international system; but it might also suddenly become a practical question upon which a Canadian stand might be expected and might have to be taken without a great deal of time for taking it. This may well be one of several cases in which Canada will be confronted with some of the consequences of growing up and of going out into the world.

Yours sincerely,

WARWICK CHIPMAN

**722.** DEA/2226-40

*Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur au Chili*

*Under-Secretary of State for External Affairs to Ambassador in Chile*

SECRET Ottawa, August 23, 1944

Dear Mr. Chipman:

I was much interested in your secret letter of August 12th discussing the Canadian position in the Pan American Union. While it is difficult to give a positive answer to all the points raised in your letter, the following comments may perhaps be helpful.

The Department feels that until the views of the United States are clarified on Canadian participation in the Pan American Union, it is best to avoid any appearance of eagerness in seeking membership. If and when an invitation is extended to Canada by all the members of the Union, which presumably will not happen until the general conference planned for Bogota in 1943 has been convened, the Canadian Government will be prepared to consider the invitation sympathetically. Meanwhile there will be an opportunity for the Canadian people to learn more of the nature of the Pan American Union and our relations with Latin American states. The Wartime Information Board is

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[29]Claude G. Bowers, ambassadeur des États-Unis au Chili.
Claude G. Bowers, Ambassador of United States in Chile.

preparing a reference paper on that topic which should aid in the process of education. The Government will also continue to participate in such scientific and technical conferences of a Pan American character to which it is invited to send representatives. In the discussions in the House of Commons on the Prime Minister's statement it is perhaps significant that no opposition was expressed to membership in the Union. At that time Mr. Coldwell and Mr. Howard Green again favoured membership, with the latter adding the reservation, provided that it did not weaken Commonwealth ties.[40]

Our answer to Dr. Grove's[41] letter of February 17th,† in which Chile offered to sponsor Canada's membership in the Union, might perhaps be interpreted by Dr. Grove and Señor Fernandez[42] in the manner you suggest. Yet our letter did refuse the offer of immediate sponsorship and left purposely blurred any comment upon the suggestion that Chile might reserve the right to sponsor Canada's membership in the Pan American Union at a later date. As I have already pointed out it is not our intention to secure membership through sponsorship by a member of the Union.

I agree with you in your opinion that the role of the Pan American Union in the system of world order needs careful examination. A Departmental memorandum on that subject[43] has already been sent to you with the request for comment. I note your opinion that the tone of Mr. Hull's recent indictment of Argentina may help to defeat its own ends. From such comments as we have received from our Legation in Buenos Aires, Mr. Kirkwood[44] has been inclined to share your views.

For the moment our greatest anxiety in the Argentine crisis is the adverse effect that it may have upon Anglo-American relations. There seems no doubt that Mr. Hull is most concerned about the possible menace of Fascist Argentina to the Good Neighbour Policy and to the Inter-American Society, while the United Kingdom appears chiefly interested in the effect that the present regime in Argentina may have upon her contributions to the United Nations war effort. Once the war in Europe is over there is some danger that the present minor irritations with each other's attitudes and methods may become more acute in both London and Washington. I hope to discuss the issues involved with members of this Department most interested to see if we can explore any middle course between those taken by the United States and the United Kingdom at present. If you have any comments in that connection, I should be very glad to receive them.

As to the danger of Argentina running amuck, I should think it likely that this danger is unlikely to materialize until her army is better equipped and

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[40]Le 4 août 1944. Canada, Chambre des communes, *Débats*, 1944, volume VI, pp. 6136, 6142.
August 4, 1944. Canada, House of Commons, *Debates* 1944, Volume VI, pp. 5924, 5929-30.
[41]Dr Eduardo Grove, ministre du Chili./Dr. Eduardo Grove, Minister of Chile.
[42]Ministre des Relations extérieures du Chili.
Minister of External Relations of Chile.
[43]Non trouvé./Not located.
[44]K. P. Kirkwood, premier secrétaire et chargé d'affaires ad intérim, ambassade en Argentine.
K. P. Kirkwood, First Secretary and Chargé d'Affaires ad interim, Embassy in Argentina.

until the United States becomes more immersed in domestic problems. Should Argentina openly attack her neighbours, it would certainly be a matter of concern to Canada as a member of the new world association in the process of organization, which would certainly not permit aggression to pass unnoticed in Latin America any more than it would in any other continent. It seems to me that it would be unnecessary for Canada to participate in a military manner in checking Argentina for geographic and strategic reasons, but I should certainly expect that Canada would readily cooperate in whatever economic and political sanctions would be imposed upon Argentina under those circumstances.

I hope that you will find time again to send me further comments upon the general Latin American scene as viewed from Santiago.

Yours sincerely,

N. A. ROBERTSON

**723.** DEA/7305-40

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires au Mexique*[45]

*Secretary of State for External Affairs to Chargé d'Affaires in Mexico*[45]

TELEGRAM 4 Ottawa, January 3, 1945

SECRET. It has been arranged that a conference of "Delegates of the United and Associated Nations of the Americas" will be held in Mexico City between approximately February 1st and 15th to which all Latin American states except Argentina and El Salvador will be invited. It is expected that the United States delegation will consist of Stettinius, Nelson Rockefeller, Avra Warren, Leo Pasvolsky and other experts.

2. The Agenda for the meeting is still under discussion but we understand that the meeting will be primarily devoted to the discussion of urgent hemispheric war problems. Some of these problems are the successful completion of the economic warfare programme in Latin America, preparations against the migration of Fascism to the hemisphere, and the increased production of certain strategic materials urgently needed for prospective military offensives. The Dumbarton Oaks proposals will also be discussed, but we understand that the United States will attempt to limit the discussion to the best ways and means of integrating the Pan American system into the general framework of the world organization in accordance with Section C of Chapter 8 of the proposals.

3. In view of the suggested title for the conference, it would appear that Canada would be eligble for representation although the title chosen was primarily adopted to exclude Argentina from the discussions. The Mexican Ambassador here was disposed to send a message to his Government

[45]Le même télégramme a été envoyé à Buenos Aires N° 1, Santiago N° 2, Rio de Janiero N° 1.
The same telegram was repeated to Buenos Aires No. 1, Santiago No. 2, Rio de Janeiro No. 1.

recommending that Canada be invited to attend the conference. He explained to us that his Government had been for some years anxious to have Canada more closely associated with the other American countries in the consideration of American problems, and having taken the initiative in the past in proposing Canadian participation in Pan American meetings, it would seem appropriate that as host country they should raise the question of Canadian participation.

4. The Ambassador was informed that in the light of all the circumstances the Canadian Government did not wish the question of Canadian participation in this conference to be raised by the Mexican Government. While it was true that the meeting in Mexico City was not technically under the aegis of the Pan American Union and therefore the technical difficulties preventing our participation in the conference of American Foreign Ministers were no longer present, nevertheless, the prospective conference was in fact and spirit a continuation of what had begun as purely Pan American consultations.

5. In reply to this statement of Canadian policy, the Mexican Ambassador said that his Government would fully appreciate the reasons why we thought an invitation to attend this particular conference would be inexpedient and would advise his Government not to raise the question of Canadian participation.

**724.** DEA/184s

*Le secrétaire d'État adjoint des États-Unis au Premier ministre*

*Assistant Secretary of State of United States to Prime Minister*

SECRET Washington, January 31, 1945

Dear Mr. King:

Since receiving your warm and thoughtful letter,[1] all of us here have been through a most interesting and somewhat hectic period. One can see the beginning of the crystallization and formation of the pattern for future world relations. In the light of the unbelievable human sacrifices which have been and are being made, the great responsibility for the preservation of the things for which so many are giving their lives is a matter of constant concern.

It is my deep conviction that the unity and strength of the nations of the Western Hemisphere will play a determining part in the future security of the world as a whole. As you well know, at the present time there are many factors which have undermined that solidarity. Through consultation we have arranged for a Conference to be held within the next few weeks in Mexico City, of representatives of those republics whose governments are cooperating in the war. I sincerely believe that this meeting will result in a great step forward in the history of inter-American cooperation because of its importance, not only to the American republics but to Canada and the Canadian people as well.

I would appreciate it if you could have someone in Mexico City at that time with whom I could unofficially keep in touch, in order that you may know of the plans as they are being formulated, and that we may get the benefit of your

thoughts, the mutuality of the interests of Canada and the American republics being so strong. Our Ambassador in Mexico is being informed of this suggestion, in order that he may notify Foreign Minister Padilla. I am enclosing a brief outline of the subjects for discussion,† and as our thinking becomes more specific, I will take the liberty of keeping you informed through Ray Atherton in our Embassy in Ottawa.

Equally important to the success of the Conference itself is the reorientation of Argentina, not only from the point of view of the war but from the point of view of the future security of this Hemisphere. As the situation is today, it constitutes a serious threat for all of us. This is a matter which is being given most serious consideration and considerable progress has already been made.

Your kindness and personal interest has always meant a great deal to me and I have often thought recently of the conversation we had in Father's apartment. I share your objectives for the future. There are many problems and many difficulties but a great opportunity lies ahead.

With very best wishes,

Sincerely,

NELSON A. ROCKEFELLER

725. DEA/184s

*Le Premier ministre au secrétaire d'État adjoint des États-Unis*
*Prime Minister to Assistant Secretary of State of United States*

Ottawa, February 12, 1945

My dear Nelson [Rockefeller],

I wish to acknowledge the receipt of your secret letter of January 31st with its generous reference to the interest which I have always taken in your career. I feel as you do that great opportunities confront us to achieve something worthy of the tragic sacrifices of the finest young men of our respective countries.

We in Canada have become increasingly aware during this war of the importance of good neighbourliness in this hemisphere. I have watched with interest your own efforts to further inter-American cooperation and am confident that in your wider sphere of influence you will do much to promote that solidarity of outlook which will help to make the American Governments a bulwark of world order.

I appreciate your suggestion that I should designate some one in Mexico City with whom you can keep in touch unofficially, in order that we might be informed of what plans are being formulated at the forthcoming conference. I believe the most suitable person for that purpose would be our new ambassador to Mexico City, H. L. Keenleyside, who is presenting his credentials to President Camacho this week. As a former Assistant Under-Secretary of State for External Affairs, in charge of the American and Far Eastern Division, he has been intimately associated with the shaping of Canadian policy in this

hemisphere. I shall advise him immediately of your offer and forward a copy of the agenda for the conference[1] which you kindly sent me. I note also that you will furnish us from time to time with further detailed information upon the subjects to be discussed through your ambassador in Ottawa.

I am very glad to learn that considerable progress has already been made in dealing with the problem of Argentina. As you know, our Government has refrained for almost a year from official contacts with the Farrell administration as a mark of its uneasiness at the implications of the words and deeds of the little group which has governed that country. We have also pursued an economic policy closely approximating your own in dealing with Argentina, while appreciating the limitations on that policy which Argentina's possession of important raw materials required for the prosecution of the war entail. If Fascism can be uprooted in Argentina before it has perverted Argentine Nationalism it will be a cause of rejoicing for us all.

With warmest personal regards, believe me

Your sincerely,

W. L. MACKENZIE KING

**726.** DEA/2226-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

DESPATCH A. 54 London, February 22, 1945

SECRET

Sir,

Some time ago you were kind enough to send me under cover of despatch No. 63 of January 26th, 1943,[1] certain papers concerning the Pan American Union which I read with much interest. I now have the honour to offer in this despatch some observations on this subject and on Canada's general relation to the inter-American system. Although this question is not an immediate concern of this office, I hope this despatch will not appear as coming from an inappropriate source. During my own sojourn at Washington in the years which followed the establishment of our Legation, the matter was of some current importance and therefore of much interest to myself as Head of the Mission. I may say I feel that the views which I then formed on the subject have been confirmed rather than altered by subsequent events.

2. In this despatch I use the phrase "Pan American Union" in its popular sense as meaning what correctly should be called the "Union of American Republics". As I need not point out, the phrase "Pan American Union" is strictly speaking applied only to the Secretariat of the Union in Washington. I also interpret membership of the Pan American Union to mean full participation in all inter-American activities, as presumably, if Canada joined the Union

she would also take part in conferences of Foreign Ministers and functional hemispheric organisations.

3. There are two main arguments advanced from time to time for our adherence to the Pan American Union: (a) that it would increase our trade, (b) that it would improve our status. As far as the first point is concerned, one can see no valid reason to substantiate the belief that our admission to the Pan American Union would result in an increase in trade with Latin America. Canada will develop her commerce with this area through direct trade and diplomatic representation. There is no evidence that any country in the inter-American system has increased its trade with any other part through the machinery of inter-American organization.

4. The question of status is a more complicated matter. It is constantly assumed that our national status will be raised or at least demonstrated by joining the Pan American Union. This view is usually associated with the illusion that Canada's policy is at present dictated by the Foreign Office. The events of this war have surely made it much less necessary for us to take any action solely for the purpose of achieving status. In view of the rejection by the United States of Canada's bid to participate in the Rio de Janeiro Conference and join the Pan American Union in 1941 and 1942[46], nothing would be more derogatory to Canadian status than to apply again, cap in hand. If we are to consider our status it would be wise for us to decline even to consider an invitation to join the Union until after a period of zealous and unanimous courtship.

5. It is perhaps natural that at this stage of our development as a nation there should occasionally be expressed the belief that Canada should "join all the clubs", and membership of the Pan American Union is increasingly referred to as a symbol of our independence as a sovereign state. This is to lend such a proposal all the dangerous attributes of a slogan. There is no basic reason, of course, why Canada could not belong to the Pan American Union and remain a loyal member of the British Commonwealth. Nevertheless, membership in the Union and participation in inter-American affairs might embarrass us in several ways. In the Commonwealth Canada has insisted on the equality of status of all members. This equality of status is not so clear in the Pan American Union, in which the United States enjoys a position which is not conceded to the United Kindgom within the Commonwealth. (In the Pan-American Union building, if I remember correctly, the relation of the United States to the other members is symbolized by a group of busts representing national heroes in which that of the American representative is placed on a plinth a pace or two in advance of a single rank of those bearing the effigies of the others.) Within the Union Canada might find she had equality of status with Paraguay rather than the United States.

6. Canada has constantly opposed the establishment of a Commonwealth Secretariat, but the Pan American Union *is* a Secretariat. It is true that the two organizations are not entirely analogous, but it may be difficult for the

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[46]Voir le volume 9, documents 764, 767-9./See Volume 9, Documents 764, 767-9.

Canadian citizen to understand why Canada rejected Mr. Curtin's proposals for a Commonwealth Secretariat[47] on the grounds that it might endanger her sovereignty, and then proceeded to take part in the activities of a Pan-American Secretariat. This inter-American system includes a large number of functional organisations in which Canada would be pledged to take part. In view of our reluctance to take part in purely Commonwealth functional organizations on the grounds that they are exclusive, it is difficult to understand what arguments could be used for participation in purely hemispheric bodies.

7. It is perhaps not correct to say that Canada's participation in the Pan American Union is occasionally advocated because of belief that it would strengthen the forces of Isolationism but there is little doubt that our entry into the Union would greatly encourage Isolationist thinking in the country. This is probably the most important objection to such a step. Although, as has been stated above, there is no reason why such membership should loosen Canada's ties with the Commonwealth, with Europe, or with Asia, and although the Inter-American system may outgrow its isolationist complexion, it must be admitted that Canadians tend to take a rather simple view of this question. The greatest enthusiasts for membership in the Pan American Union are to be found among both French and English speaking nationalist-isolationists. It is true that there is support for membership among a large number of genuine internationalists and strong supporters of the Commonwealth, but there is the great danger that closer association with the inter-American system would be interpreted by Canadians as a retreat from Europe and the Commonwealth. This interpretation might be nourished into a belief that Canada would run away from the problems of the northern hemisphere of which she is as much a part as she is of the western hemisphere.

8. There is no real unity in the western hemisphere. Culturally, Canada differs much more from South American than she does from northern European countries. The idea that there is any strategic unity in the western hemisphere has been thoroughly exploded by this war. Geographicaly, there is no unity, unless one believes that the Isthmus of Panama has some mystic significance. Communications with South America are still, for the most part, by sea, and it is much farther from Canadian ports to Rio or Buenos Aires than to any of the important ports of Western Europe. Culturally we are worlds apart. The French Canadian is inclined to believe that he has much in common with the Catholic and Latin countries of America, but there is a good deal of sentimentality involved in this claim. These points are not intended to be an argument against the development of the closest possible relations with Latin America, but merely to question why relations with this part of the world should be of any greater importance to us than relations with countries in Europe and other parts of the world with which we have always had more in common. The only unity of the western hemisphere is historic. The Americas are populated by European or semi-European peoples, many of whose ancestors

[47]Voir le volume 9, document 819./See Volume 9, Document 819.

came to the New World to get away from the old for various reasons. The United States and the Latin-American republics broke their political ties with the Old World, and in doing so created a certain bond. Canada has achieved its independence without breaking its political ties, and therefore does not share fully the one element of unity in the hemisphere.

9. Positive disadvantages would flow from our membership of the Pan American Union. If Canada joined the Pan American Union she would undoubtedly find it necessary to take part in the activities of the many inter-American bodies. The only one of these which could conceivably be of positive value would be the conferences of Foreign Ministers. In this case there would be danger of undesirable entanglements. Inter-American bodies dealing with all sorts of subjects from international law to health, radio and the press, seem to be of questionable value. The exchange of ideas on all these subjects with other countries is always useful, but there are a good many countries from which we have much more to learn. Australia and New Zealand, for example, may be a long way from Canada, and we may not be able to travel to them by means of an Isthmus, but there is good reason to believe that we will get much more value out of the exchange of views with Australians and New Zealanders on health, social security and almost any other subject, because in spite of the distances that separate us the patterns of our communities are similar. In the same way we should also find an interchange of ideas with Dutchmen or Norwegians of more value than a similar exchange with other American countries except the United States.

10. Although it may seem to be a minor matter, it should be borne in mind that relations with Latin Americans are carried on in rhetorical terms, with which Canadians are fortunately unfamiliar, and with which they could rapidly become excessively bored. Canadian enthusiasm for inter-American gatherings might be dimmed after too great exposure.

11. The greatest danger which would follow our entry into the Pan American Union would derive from our relation to those issues which in Pan American affairs frequently divide the United States on the one hand from the twenty Latin American republics on the other. As we stand at present we can regard such controversies from a position of dignified aloofness. As a member of the Pan American Union we would frequently be obliged to take sides and either incur the criticism of our powerful neighbour or share the unpopularity of the United States in America. In spite of the improvement brought about by the "good neighbour" policy which at present prevails in Washington, it is difficult to avoid the conclusion that the United States is not popular in Latin America. There has been a good deal of evidence of efforts on the part of Latin Americans to curry favour with Canadians by provoking joint antipathies to the United States. This is a short-sighted and dangerous game in which Canada must not be involved. We should find it very difficult to avoid joining with Latin America in an anti-United States attitude on the one hand or on the other being classed simply as a puppet of Washington.

12. It must be borne in mind that the inter-American system is in a state of transition, and it would be most unwise for Canada to associate itself with this

system before it is clear in what shape it will emerge. As it stood in 1941, its chief aim in foreign policy was the preservation of neutrality and the isolation of the western hemisphere. We could not be associated with such an organization. No doubt adjustments will be made in accordance with the new attitudes in the United States and the Latin American countries, although it is not entirely clear what other purpose can usefully be served by a system which is arbitrarily limited to a hemisphere which has no strategic, economic or cultural unity. It is particularly important that Canada should not associate itself with a regional group until the shape of the World Organization becomes clear, but we should be careful not to align ourselves with a particular region until we understand the nature of the association.

13. There is only one other American country with which we must maintain specially close relations in our own interest, and that country is the United States. We have formulated satisfactory arrangements for settling our problems and arranging for our joint defence. From our point of view there is nothing to be gained from complicating these arrangements by involving ourselves in wider commitments with all the South and Central American countries.

14. In conclusion it might be noted that the principal value in Canadian association with the Pan American Union and related activities is a negative one. Particularly in French Canada, and to some extent in English Canada, there has grown up a sense of grievance, a belief that Canada has not joined the Pan American Union because she is prevented from doing so either by the United Kingdom Government (an allegation which is completely untrue) or by "Imperialist" Canadians who do not recognise that Canada is "an American nation". There may be some argument to prove that the best way of removing this sense of grievance would be to join the Union. This negative argument can, I believe, be easily met by the positive reasons for not taking this step. The advantages of our participation are illusory and the disadvantages concrete.

15. In expressing these views I should like to make it clear that I am in no way reflecting what might be the attitude of the United Kingdom Government. Indeed, I have no reason to believe that they have any views on the matter. It is a subject which I have never heard discussed by members or officials of the British Government. These are opinions which I have formed out of my own experience in Washington.[48]

I have etc.

VINCENT MASSEY

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[48]Une réponse à cette dépêche (du 8 mars 1945) fut rédigée mais non envoyée.
A reply to this despatch (March 8, 1945) was drafted but not sent.

727. DEA/184s

*L'ambassadeur au Mexique au secrétaire d'État aux Affaires extérieures*
*Ambassador in Mexico to Secretary of State for External Affairs*

TELEGRAM 62 Mexico City, February 28, 1945

IMMEDIATE. SECRET. Chapultepec Conference.

We have now obtained in confidence exact text of Chilean resolution regarding Canada. This resolution was presented to Steering Committee on Monday and will today be sent to one of six Commissions for meditation. The resolution translated reads as follows:

"Considering:

That Canada has contributed and still contributes materially to the defence of the American continent, having made a war effort, the magnitude of which embraced all resources of the country;

That by its geographical situation Canada belongs to the American hemisphere and within that hemisphere occupies a prominent place because of high degree of development, its proved industry and its democratic institutions, and

That Canada maintains diplomatic and consular as well as commercial and financial relatons with Latin American States;

The American Conference on Problems of War and Peace resolve:

(1) To pay a tribute of admiration and thanks to Canada for its magnificent war effort in the defence of the American continent;

(2) To express the desire of the American Republics that Canada, whenever it deems it opportune, should join the Pan American Union system;

(3) That the Governing Board of the Pan American Union should immediately invite the Government of Canada to form part of the Union in conformity with terms of the present resolution."

From various indications we believe the resolution will either be allowed to remain unreported in the Committee to which it is assigned or, and this is more probable, be reduced to a simple recognition of Canada's war effort and other virtues combined with an expression of generalized hope that Canada will, in due time, and in a suitable manner, take a more direct part in inter-American affairs. We shall keep you informed.

It would assist us in reporting, if you would indicate whether there is any considerable delay in receipt of our telegraphic messages. There are reports here that congestion on wires is causing prolonged delays even of official telegrams.[49]

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[49]Le 2 mars 1945, l'ambassadeur fut informé qu'il n'y avait aucun retard anormal.
The Ambassador was told on March 2, 1945 that there was no abnormal delay.

**728.** DEA/184s

*L'ambassadeur au Mexique au secrétaire d'État aux Affaires extérieures*
*Ambassador in Mexico to Secretary of State for External Affairs*

TELEGRAM 68 Mexico City, March 3, 1945

IMMEDIATE. My telegram No. 62 of February 28th, Chapultepec Conference and Chilean resolution regarding Canada.

In a secret session of the Committee on Initiatives under the Chairmanship of Padilla, the Chilean motion was approved "with acclamation and applause" after 300 [3] sentences of actual resolution had been consolidated into two, reading as follows:

1. To pay a tribute of admiration to Canada for its magnificent war effort in defence of the American continent.

2. To express the desire of the Conference that collaboration of Canada in the Pan American system will steadily increase.

This resolution will probably not be conveyed officially to the Canadian Government until it has been acted on by the whole Conference. It may then be transmitted through me or through the Mexican Ambassador, Ottawa, or by direct telegram from the Conference to the Prime Minister. It would be well to have a message from Mr. King ready to use as reply, and I shall be grateful if I may have text available here in case this channel is used.

**729.** DEA/184s

*Le Premier ministre au secrétaire des Affaires étrangères du Mexique*[50]
*Prime Minister to Secretary of Foreign Affairs of Mexico*[50]

TELEGRAM Ottawa, March 16, 1945

On behalf of the people and Government of Canada, I extend our sincere thanks for the generous tribute to Canada's war effort contained in the resolution which you transmitted on behalf of the Chapultepec Conference. We are proud to share in the defense of freedom on this continent, as in Europe and Asia. We are convinced that the increasing solidarity of the peace-loving peoples of this hemisphere, will contribute materially in the post-war period to both regional and world security. We greatly welcome the increased collaboration in all matters of mutual interest and concern with our neighbours of the Americas.

W. L. MACKENZIE KING

[50]Envoyé aussi à l'ambassadeur au Mexique./Repeated to Ambassador in Mexico.

**730.** DEA/28-EM-40

*Le président, la délégation,*
*la troisième Conférence interaméricaine de radiocommunications*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Chairman, Delegation, Third Inter-American Radio Conference*
*to Acting Secretary of State for External Affairs*

Ottawa, October 31, 1945

Sir,

I have the honour to submit the following report on the proceedings of the Third Inter-American Radio Communications Conference held at Rio de Janeiro, Brazil, between September 3rd and 27th, 1945.

This Conference was originally scheduled to meet in 1943, in accordance with the provisions of the Inter-American Radio Convention, but was postponed because of the prevailing wartime conditions. On invitation from the Government of Brazil it was convened in Rio de Janeiro with over 250 delegates, technical advisers, and representatives of the Western Hemisphere. In accordance with their status, Newfoundland and the Bahamas sent representatives, and the Antilles were represented by an observer. Of the larger powers present, the United States of America had a delegation of 42, exclusive of translators and secretarial staff; Argentina was represented by 38, and Brazil 50.

As approved by P.C. 5778 of August 28th,[1] the Canadian delegation consisted of the following:

Chairman:
F. H. Soward, Special Assistant to the Under-Secretary of State for External Affairs.

Delegates:
W. A. Rush, Controller of Radio, Department of Transport.
Donald Manson, Assistant Manager, Canadian Broadcasting Corporation.
Wing Commander S. R. Burbank, Acting Director of Signals, Department of National Defence for Air.
J. W. Bain, Senior Radio Engineer, Department of Transport.
C. J. Acton, Supervising Radio Inspector, Department of Transport.

Representatives:
W. D. Richardson, Transmission and Development Engineer, Canadian Broadcasting Corporation.
S. S. Stevens, Superintendent of Communications, Trans-Canada Air Lines.
K. A. MacKinnon, Consulting Radio Engineer, All Canada Radio Facilities.
Henry S. Dawson, Chief Engineer, Canadian Association of Broadcasters.

Messrs. Soward and Rush were authorized to sign any agreements between governments which might be reached at the above Conference, subject to ratification or approval by the Canadian Government.

The Conference was formally opened by the Minister for Foreign Affairs of Brazil on September 3rd at the Palacio Itamaraty. The Minister of Transport and Public Works, General Joao de Mendonca Lima was elected Chairman of the Conference at the first plenary meeting.

The agenda for the Conference as circulated before it opened included such topics as the revision and possible expansion of the Inter-American Radio

Communications Convention, Havana, 1937, examination of the regulations governing Inter-American Radio drafted at the Conference of 1937 and 1940, principles for the allocation and economic use of radio frequencies, and exchange of opinions between the governments for the revision of the International Telecommunications Convention of Madrid, 1932, and the appended Radio and Telegraph Regulations of Cairo, 1938. At the request of the Canadian Government its proposal for the extension of the North American Regional Broadcasting Agreement was also on the agenda.

Four main committees were established, on which each country was entitled to representation. These included:

1. Initiatives Committee
2. Technical Committee
3. Juridical Administrative Committee
4. Drafting Committee.

The Initiatives Committee was composed of the heads of the delegations or their alternates, and was chiefly concerned with allocating questions on the agenda to the appropriate committees and such further recommendations as were advanced by various delegations during the Conference. It also supervised the work of the Conference generally.

Due to the variety of topics entrusted to the Technical Committee and the Juridical Administrative Committee, it was necessary for each of them to set up four sub-committees. The Technical Committee established the following sub-committees:

1. Committee on Allocation of Frequency Bands to Services.
2. Committee on Mobile Services.
3. Committee on Meteorological Services.
4. Committee on Miscellaneous Technical Matters.

The Juridical Administrative Committee divided its duties among four sub-committees designated as follows:

1. Committee on Rates and Finance.
2. Committee on Organization.
3. Committee on Miscellaneous Matters.
4. Committee on Freedom of Information.

As the request for the extension of the North American Regional Broadcasting Agreement[51] had been placed on the agenda by Canada, its disposition may be appropriately discussed first. This request had originally been submitted by Canada in 1944 to the other signatory Governments because of the fact that with wartime conditions limiting radio equipment, the Canadian Broadcasting Corporation had been unable to establish the stations and facilities to make use of the frequencies accorded to it. If an extension were agreed to, it was hoped to secure enough time to install equipment for the CBC stations using these frequencies. This request had been circulated by the Inter-American Radio Office, and with one exception had been approved by the Governments concerned. The United States suggested that a year's extension should be sufficient, on the understanding that if a further extension were still

[51]Canada, *Recueil des traités*, 1941, N° 3.
Canada, *Treaty Series*, 1941, No. 3.

required it would be sympathetically considered. The only Government which did not reply was the Cuban, and for that reason the Canadian Government asked that its request be placed on the agenda of the Inter-American Radio Communications Conference. When this topic came before the Initiatives Committee for discussion, the Cuban delegate stated that he was under instructions from his Government to oppose any extension. He also expressed his dissatisfaction with the existing frequency allocations which, he felt, were inadequate for Cuba's needs and which, he argued, were the reason for the interference of Cuban stations with the stations of the United States, Mexico and Canada. This interference, in the case of Station CMQ of Havana with Station CBF of the Canadian Broadcasting Corporation, had already made necessary representations by the Canadian Government to the Cuban Government. Delegates from countries other than those signatory to the Agreement were of the opinion that the question should preferably be discussed only by those governments directly concerned. It was accordingly agreed that there should be informal discussions by representatives of the signatory governments at a meeting to be convened by the Chairman of the United States delegation. At this meeting it became clear that the Cuban opposition to the Canadian proposal largely arose from engineering difficulties, and it was decided that these difficulties should be examined by a sub-committee of technicians. On this committee, Messrs. Bain and Richardson were appointed to represent Canada while the Newfoundland representative asked that Mr. MacKinnon should act on his behalf. The sub-committee unanimously recommended that a Technical Conference should be held in December in Washington to study the situation in detail, with the understanding that the North American Regional Broadcasting Agreement should remain in force until these studies have been concluded. This solution was acceptable to the Cuban delegation, which was appreciative of the consideration and understanding of its situation expressed by the other delegates.[52]

During the discussions on the agenda of the Conference in the Initiatives Committee, the United States delegation recommended, and the Committee adopted, the following principles as a basis for the work of the Conference:

1. In general do not duplicate in the Inter-American agreements those provisions which are or have to be in the world agreements.

2. Endeavour to have the World Conference held in 1946, and a further Inter-American Conference immediately thereafter.

3. Revise the Inter-American Convention at this Conference and discuss, but not formally adopt, at this Conference revision of the Inter-American "Arrangement" (Habana 1937, Santiago 1940).

4. Discuss at this Conference proposals for World Conference but not adopt formal agreements.

In recommendating the adoption of these principles the United States delegate stressed the importance of the Conference avoiding the appearance of any attempt to form an American "bloc" on telecommunications questions which might make more difficult the proceedings of the projected World

[52]Un accord intérimaire pour réglementer l'emploi de la bande normale de radiodiffusion dans la région de l'Amerique du Nord fut signé à Washington le 25 février 1946. Canada, *Recueil des traités*, 1946, N° 8.

An Interim Agreement to regulate use of the standard broadcast band in the North American region was signed at Washington on February 25, 1946. Canada, *Treaty Series*, 1946, No. 8.

Telecommunications Conference. In general, his argument parallelled the views expressed on the Conference by the Assistant Chief of the Division of Telecommunications of the Department of State, who, writing on the eve of the Conference in the Department of State Bulletin for August 26, 1945, declared "the entire purpose of these discussions is a clarification of thinking and an exchange of views which will facilitate the solution at the World Conference of the many and complex problems which will confront it."

In connection with the plans for the World Conference, it is of interest that at a meeting of the Initiatives Committee, the Delegate from Brazil expressed the opinion that the World Telecommunications Conference should be held in Canada. No intimation of this suggestion had previously been given to the Canadian Delegate, but, in thanking his colleague for the suggestion he pointed out that his Government had been given no instructions on this question, and that as Canada had been, or would be the host country for a number of international conferences on such topics as UNRRA, Civil Aviation, and Food and Agriculture, it was anxious to avoid the impression of securing more than its share of these meetings. It was finally decided that the countries of the Western Hemisphere should not press for the World Conference meeting in an American country, but should state their willingness to provide the meeting place if thought desireable by the other Governments. It was also agreed that the United States and the Canadian Delegates at Rio de Janeiro should informally decide as to which of their countries should be the host if it were necessary. Accordingly the United States consented to act as host Country if desired.

In the work of the Technical Committee, the Canadian Delegates played an active part, and were successful in having a set of principles as a guide for deciding the priority of services in the allocation of frequency bands and other related matters, generally approved. The order of priorities agreed upon was:

(a) Radio services involving the preservation of human life and property, where no other means of communication are available.

(b) Essential communication services which must use radio because no other method of communication can be used.

(c) Radio broadcasting, excluding high-frequency (HF) broadcasting.

(d) Essential communication services which find it inexpedient to use other means of communication. High-frequency (HF) broadcasting is placed in this category.

(e) Other radio services.

The Canadian Delegation also secured approval of its nomenclature for the subdivision of the frequency spectrum. The nomenclature read as follows:

| *Limits in Kilocycles* | *Designation* | *Abbreviation* |
|---|---|---|
| Below 30 kc | Very-low | VLF |
| 30 to 300 kc | Low | LF |
| 300 to 3,000 kc | Medium | MF |
| 3,000 to 30,000 kc | High | HF |
| 30,000 to 300,000 kc | Very-high | VHF |
| 300,000 to 3,000,000 kc | Ultra-high | UHF |
| 3,000,000 to 30,000,000 kc | Super-high | SHF |

The United States Delegation was responsible for the presentation of a proposed plan for the allocation of frequency bands to the services. With this plan which was accepted for study in preparation for the projected World

Telecommunications Conference, the Canadian Delegates were in full agreement in principle, while suggesting that certain existing services, or services under development should continue for the time being to operate on the frequenc[illegible] at present assigned to them. These services include Air Navigation[illegible] Maritime Direction Finding, and Municipal Police Services. The Canadian comments on their retention were included in the Conference document[†] outlining the proposed Allocation Table.

The sub-committee of the Technical Committee dealing with Aeronautical Services reaffirmed, with some clarification, the principles adopted at Santiago in 1940. It also drafted a new recommendation, accepted by the Conference, as follows:

"CONSIDERING:

1. That it is advisable to make a clear distinction between questions relating to facilities granted to the aeronautical services by international radio conventions, and questions relating to the application of these facilities to best advantage from the standpoint of aviation.

2. That it is advisable and necessary to standardize the rules governing the utilization of radio from the point of view of aviation.

3. That the questions referred to in the second part of premise 1 and in premise 2 above should be resolved by the competent international and regional aeronautical organizations.

BE IT RESOLVED:

That the countries of America be invited to accept the following principles:

1st. That questions relating to the utilization of the facilities granted to the aeronautical services by international radio conventions should be resolved by the competent international and regional aeronautical organizations.

2nd. That the countries which are not parties to the above-mentioned aeronautical organizations bind themselves to endeavour to the greatest possible extent, within their own laws, to comply with the decisions of the said organizations, with a view to standardization and uniformity in aeronautical radio communications."

The sub-committee on Meteorological Services examined a proposal by Argentina for a meeting of the Regional Commission on Meteorology, and presented the following recommendation adopted by the Conference:

"IT IS RECOMMENDED:

1st. That there be convened as soon as it is possible to arrange it, a joint meeting of Meteorological Regional Commissions III and IV (O.M.I.),[53] one objective of which should be to determine on an integrated basis, the general requirements for meteorological service and the telecommunications facilities necessary to provide it;

2nd. To assure the necessary coordination, in making the preliminary preparations for the above joint meeting, the Presidents of Regional Commissions III and IV (O.M.I.) are urged to approach the official telecommunications agencies concerned, in order to obtain the attendance at this meeting of appropriate technical telecommunications representatives.

3rd. That wherever synoptic meteorology is dealt with in the projected Interamerican Telecommuniations Convention, or in other documents resulting

[53]Organisation météorologique internationale.

from Interamerican telecommunications conferences, the expression '*Meteorological Telecommunications*' be employed; and

4th. That the American governments, in the preparation of proposals which they may present for the forthcoming World Telecommunications Conference, employ the expression '*Meteorological Telecommunications*' wherever synoptic meteorology is involved."

No major matters were dealt with by the sub-committee on Miscellaneous Technical Matters, but a number of resolutions were adopted on such topics as a continental network of monitoring stations, the standardization of broadcast receiver design, the standardization of time in the American Region, etc.

The Juridical Administrative Committee examined proposals from several Governments covering a wide variety of topics, and as previously described, referred them to the four sub-committees. Arising from the work of these committees the Conference adopted, on recommendation of the Juridical Administrative Committee, two major documents. These were:

1. A new Inter-American Convention on Telecommunications.

2. New regulations for the Inter-American Conferences on Telecommunications.

The new Inter-American Telecommunications Convention, if approved by five signatory governments, will replace the existing Convention drafted in Havana in 1937. It was felt that the advances in telecommunications since Havana made it desirable that all forms of electrical communication should be covered by a single Convention. The United States Delegation, which presented the first draft of the Convention, also thought it advisable to provide for the formation of an Inter-American Telecommunications Union, patterned after the existing world wide Telecommunications Union, and finding its expression chiefly through the periodic Inter-American Conferences.

The Convention contains a definite description of the American Region which, for telecommunication purposes, is deemed to be bounded as follows:

(1) From the North Pole on the meridian approximately 169° W to 65° 30' N latitude, coinciding with the international boundary in Bering Strait;

(2) Thence by great circle in a southwesterly direction to a point located on 50° N latitude, 165° E longitude;

(3) Thence by great circle in a southeasterly direction to a point located on 10° N latitude, 120° W longitude;

(4) Thence directly south on the meridian 120° W longitude to the South Pole;

(5) Thence from the South Pole north on meridian 20° W longitude to the intersection point of parallel 10° S latitude;

(6) Thence by great circle in a northwesterly direction to a point located on 40° N latitude and meridian 50° W longitude;

(7) Thence by great circle in a northeasterly direction to a point located on 72° N latitude, 10° W longitude;

(8) Thence directly north on the meridian 10° W longitude to the North Pole.

After defining the bounds of the American Region, the Convention proceeded to draft regulations for the organization of an Office of Inter-American Telecommunications which will replace the existing Inter-American Radio Office, and possess increased powers that should make it more useful

than its predecessor. In that connection, it should be noted that in the Initiatives Committee the Canadian Delegate expressed, on behalf of Canada, as well as Newfoundland, the Bahamas, and the Antilles, the dissatisfaction of these signatories to the existing Convention, with the operation of the present office. The dissatisfaction voiced by Canada was also expressed by the United States, Brazil, and Colombia. It was admitted by the Cuban Government, which, while accepting no responsibility for the working of the Havana Office, gave an undertaking to reform the administration of the existing office, pending the establishment of the new Telecommunications Office which is also to be established at Havana. It is hoped the new office will commence operations on July 1, 1946.

Among the new duties allotted to the Office of Inter-American Telecommunications are included the creation of a department specializing in general broadcasting matters, the publication of a quarterly telecommunications journal, and active participation in the organization of Inter-American Plenipotentiary and Administrative Conferences. In supporting this Office, whose financial maintenance is apportioned on the same basis as its predecessor, the contracting governments agree:

To furnish without delay to the Office of Inter-American Telecommunications (OIT) copies of all provisions of telecommunications legislation and the regulations in force in their respective jurisdictions, and such amendments as may be introduced in these provisions; as well as appropriate statistical, technical and administrative reports relative thereto.

To transmit to the Office of Inter-American Telecommunications (OIT) every six months an official list of the frequencies assigned by them to all broadcasting stations and to notify monthly all changes and additions thereto. Such notifications shall be made in accordance with the procedure adopted in the General Radio Regulations in force and shall also include:

(a) Power actually in use
(b) Maximum contemplated power
(c) Hours of transmission

The required notifications referred to shall be made in all cases, independently of the usual notifications sent to the International Telecommunications Union.

To inform the Office of Inter-American Telecommunications (OIT) of all proposed multilateral conferences and meetings for the exchange of views or the making of agreements on telecommunications subjects affecting the American Region, and the results of such meetings.

In connection with the last-mentioned obligation, it should be noted that the Canadian Delegation succeeded in having this article so drafted as not to interfere with confidential discussions at Conferences of members of the British Commonwealth on their telecommunications problems.

In line with the prevailing tendency in this hemisphere to place as many as possible of the existing technical organizations under the jurisdiction of the Pan-American Union, the Convention provides for general supervision over the administration and finances of the Office by that body. In view of this stipulation and their non-membership in the Union, the Canadian Delegates succeeded in securing a clause which excepted Canada, Newfoundland and the Bahamas from the routine correspondence with the Pan-American Union specified in the Convention. This clause reads as follows:

In all cases where communications with the Governments are specified to be through the agency of the Pan-American Union it will be understood that, with respect to states or colonies which are not members of that Union, the Director of the Office of Inter-American Telecommunications (OIT) may communicate with those Governments directly.

A new feature of the Convention is a section containing draft articles specifying the general principles that should be followed regarding rates for international telecommunication services. With these principles the Canadian Delegation was in general accord. Other new articles contain special provisions concerning the maintenance of frequency measuring stations, the adoption of appropriate measures for the safety of life at sea and in the air, the establishment of facilities for transmission of meteorological information, cooperation between the governments in discovering and locating clandestine and unauthorized stations, provisions for the interchange of cultural broadcast programs, and the adoption of measures to encourage the rapid and economic transmission, dissemination and interchange of news and information among the nations of the American Region.

The internal regulations for Inter-American Conferences which are annexed to this Convention represent a concise and workmanlike redrafting of the rules for the organization and working of such Conferences. They may prove effective in improving the technique of such conferences in future. It should be noted that the Convention has provided for a new type of conference known as an "Administrative Conference" which may meet to adopt and revise regulations on technical and administrative matters, either at intervals of not greater than three years, or at the request of five or more governments party to the Convention, when urgent matters are to be considered. Such Administrative Conferences would be convened at the seat of the Office of Inter-American Telecommunications and under its aegis.

The Rio de Janeiro Conference also studied the Agreement concluded at Santiago of 1940 and decided that, in view of the imminence of a World Telecommunications Conference, and the plans for convening a further Inter-American Conference in Colombia following its deliberations, it was inadvisable to revise the Santiago Agreement. However, the Agreement was examined clause by clause, and various recommendations placed on record for its modificaton in the light of developments since its adoption in 1940. It was thought that this material would be useful in preparation for the World Conference and the next Inter-American Conference.

It has already been mentioned that a special sub-committee was set up on Freedom of Information. The importance of this topic was particularly stressed by the United States Delegation which reminded the other Delegates that the Inter-American Conference on Problems of War and Peace at Mexico City in 1945 had urged the American Governments (a) "to recognize the essential obligation they have to guarantee to their peoples free and impartial access to the sources of information," and (b) "to adopt measures separately and jointly to develop unrestricted interchange of information between their peoples." Recognizing that radio was "one of the most effective media for the expression of human thought," the Conference accordingly recommended the drafting of new regulations designed to liberalize the existing rules for the transmission and reception of Press radio transmissions addressed to multiple Press destinations. These regulations were carefully examined and keenly debated by

the sub-committee. Although finally adopted by the Conference they were qualified by reservations on the part of Argentina and Paraguay.

In line with these recommendations dealing with freedom of information, were a series of recommendations on reduction of rates for telecommunications service. It should be emphasized that these were not more than recommendations to Governments, but they included suggestions for the reduction as much as reasonably possible of charges for radiotelegrams exchanged between mobile stations of American registry, or between such mobile stations and land stations of the American countries. They called also for a reduction as much as was reasonably possible of rates on Press telegrams and on urgent telegrams. They recommended uniform terminal charges for telegrams exchanged exclusively between American countries, except when considerably more service was rendered by one end of a circuit than the other. They also recommended that on Press and Government telecommuncations no excise tax should be applied, except for services actually rendered, and that on all other telecommunications such taxes should be progressively reduced until they were completely eliminated. Administrations and private companies were asked to give special attention to speeding up the transmission, reception and delivery of Press telegrams and Press radiotelegrams. The Governments were asked to carry out thorough studies of rates and tariffs in order to determine

(a) Elements or factors which should compose a rate.

(b) Possibility and advantages of establishing uniform tariffs also the probable effect of stimulating traffic through the application of low rates.

(c) Fair and equitable division of charges and tariffs.

(d) The possibility of establishing on direct circuits a compensation in words limiting the payments to the differences in words transmitted and received.

(e) The International Monetary Unit and the establishment of its equivalent in the National Currency of each Country.

(f) The establishment of a rate for urgent traffic on a world-wide basis.

In the field of broadcasting the most important recommendation adopted was one which called for a world conference immediately after the next Telecommunications Conference to seek "a satisfactory solution to the problems of high frequency broadcasting." The term "high frequency" is a definition now given to the so-called "short wave transmissions" such as are carried on by Canada's new short wave station at Sackville, New Brunswick. In view of the fact that certain important interests in telecommunications are now of the opinion that short wave broadcasting should be reduced in favour of point to point communications, this recommendation is of considerable importance to Canada whose interest in the short wave field must be carefully watched and protected.

Space prevents the inclusion of detailed discussion of other resolutions adopted by the Juridical-Administrative Committee and approved by the Conference as a whole. There were resolutions, for instance, concerning aviation communications, forwarding of documents related to aviation, frequency modulation broadcasting in the VHF spectrum, standardization of the instruction of radio operators and technicians, and other related matters.

The Drafting Committee was concerned with the organization and parallel rendering in the four official languages (English, French, Spanish and Portuguese) of the various resolutions and documents adopted by the

Conference. The services of this Committee were obviously not required until the closing sessions of the Conference. Its work was highly intensive as a consequence and marked by a careful study of the wording of the resolutions and their appropriate translations, which greatly facilitated the work of the Conference.

In conclusion, may I, as Chairman, express my warm appreciation of the able and willing cooperation of all members of the Canadian Delegation at the Conference. The energy and technical skill which they displayed at the meetings of the Committees to which they were assigned made the Canadian contribution to the work of the Conference a considerable one. All members of the Delegation would also, I am sure, wish to record their thanks and appreciation for the generous assistance and hospitality tendered to them by the Ambassador and the personnel of the Canadian Embassy in Brazil.

I have etc.

F. H. SOWARD

101:35 line 14--Galley 1171

## CHAPITRE VII/CHAPTER VII

# RELATIONS AU SEIN DU COMMONWEALTH
# COMMONWEALTH RELATIONS

### PARTIE 1/PART 1

### ARRANGEMENTS CONSULTATIFS ET CONSTITUTIONNELS
### CONSULTATIVE AND CONSTITUTIONAL ARRANGEMENTS

**731.** DEA/6133-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 161 Ottawa, January 25, 1944

IMMEDIATE. For Massey from Robertson, Begins: For your information Lord Halifax's speech last night in Toronto[1] was made without any prior consultation with the Canadian authorities. It is already causing serious domestic political difficulties and it was in our view most inopportune. The Prime Minister will probably reply soon after Parliament opens. Meanwhile you should refrain from comment.

Please telegraph whether text was released by Ministry of Information and at what time. Ends.

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[1]Devant le/To the Toronto Board of Trade.
Pour le texte voir:/For text see:
*American Speeches of the Earl of Halifax*. New York, Oxford University Press, 1947, pp. 275-83.

**732.** W.L.M.K./Vol. 361

*L'ambassadeur de Grande-Bretagne aux États-Unis*
*au haut commissaire de Grande-Bretagne*

*Ambassador of Great Britain in United States*
*to High Commissioner of Great Britain*

[n.d.]

IMMEDIATE. PERSONAL AND SECRET. 1. I am greatly distressed to learn from you of the annoyance[2] I have unwittingly caused to the Prime Minister by my Toronto speech.

As regards the speech itself I had in mind the speech made by Cranborne as reported in the *Times* of November 24th last and the speech of Brooke Claxton in the House of Commons of July 9th last. I deliberately rejected the idea of "single voice" to which Claxton referred.

I had indeed hoped that in the general spirit of much of what I said the Prime Minister would recognize an echo from his own great speech at the Guildhall [*sic*] in September 1941.[3]

I do not readily appreciate in what way the speech itself, if read as whole, can be used to support the doctrines that would be as unpalatable to myself as I imagine to the Prime Minister.

2. Real cause of distress however for me is the fact that Mr. King himself should feel I have embarrassed him. There is no one for whom I have felt or feel more real affection and respect, and whose friendship I have more valued. Ever since I have been in politics, I have looked up to his statesman-like wisdom and personal character as an example we might all seek to follow, and I can truly say that I have drawn much from influence he has exerted on us all.

3. If you think it is not presumptious please show him this telegram. Quite apart from any public reaction I should for these reasons be very deeply pained at anything that might cloud our own personal relations.

HALIFAX

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[2]Note marginale:/Marginal note:
dismay!

[3]Voir:/See:
W. L. Mackenzie King, *Canada and the Fight for Freedom*. Toronto, Macmillan, 1944, pp. 1-2.

733. W.L.M.K./Vol. 361

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 270 London, January 28, 1944

MOST SECRET. At a confidential press conference held at the Ministry of Information by Mr. Brendan Bracken[4] on Thursday, January 27, which was attended by Mr. Campbell Moodie of this office, questions were asked and answered as follows:

Question — Was the Halifax speech Lord Halifax's own idea.

Mr. Bracken — Yes, it was Lord Halifax's own idea. The Secretary of State for the Dominions was not consulted about it.

Question — It was not in any way a statement of policy.

Mr. Bracken — No, it was not in any way a statement of policy, the British Government had no knowledge of what Lord Halifax was going to say until they read it in the newspapers. He did not consult with the Dominions Secretary. Everything he said, as a matter of fact, was largely hallowed by antiquity, but whether it is the wisest possible thing at the present moment to talk in Canada of some form of Imperial Federation is, I think, very much open to question. It is a matter of party politics in Canada, and I noticed that South African newpapers gave a few growls when they received his Lordship's oration, and I do not know whether he is over popular in other parts of the British Empire. At any rate, the Prime Ministers are meeting and they will discuss this question as their fathers did before them, and see what can be done, but anything that helps to keep the British Empire together is of the greatest possible benefit to mankind, but let me tell you that the looseness of structure of the British Empire is in many ways one of its greatest advantages.

Question — The British Government will put forward no proposals or suggestions.

Mr. Bracken — I should not think so because if you are going to hold a conference you ought not to arrive with a lot of plans that are more or less set. You ought to listen to the discussions and then try and form some conclusions, but what may be suitable in Canada may not by any means be suitable in South Africa, or vice versa, and the British Empire is not kept together by legalistic codes. It is kept together partly by the Monarchy and much more by sentiment which is very deep and which has survived two of the worst wars in history in which the Dominions have not been primarily interested, and it is one of our duties to the Empire to see that this strain on their manpower does not occur again. Ends.

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[4]Ministre de l'Information de Grande-Bretagne.
Minister of Information of Great Britain.

I am informed that the Halifax speech was transmitted to the Ministry of Information for release here following the usual practice in the case of all Halifax's speeches, but as far as I know no member of the Government here saw the speech before its release.

MASSEY

**734.** DEA/6133-40

*Le ministre, l'ambassade aux États-Unis, au sous-secrétaire d'État aux Affaires extérieures*

*Minister, Embassy in United States, to Under-Secretary of State for External Affairs*

SECRET Washington, February 1, 1944

Dear Norman [Robertson]:

I have just read with very much interest your teletype EX-428 of January 31st[4] giving certain paragraphs from Mr. King's speech last evening[5] which dealt with intra-Commonwealth relations generally and Lord Halifax's Toronto address in particular.

Lord Halifax's address did not, naturally, arouse the attention in this country that it did in Canada. I have, however, seen two or three editorials which have dealt with it in a non-commital, but certainly not a disapproving, way. His Lordship is, I think, somewhat surprised at the commotion that he has caused. Those who advised him to speak as he did certainly did him no service.

It seems quite clear that during the coming months we are going to hear a good deal about Commonwealth relations, and a lot of what we hear will be based on loose thought and superficial reasoning. We shall, I think, have to decide whether the history of the last ten years has changed the problem of Canada's position in the Commonwealth and Canada's position in any wider international organization. Certainly we now know — or should know — that there is no safety in a League of Nations which does not make adequate provision for peaceful change and police action against the aggressor. We shall, I think, have to revise our attitude toward any future Article X or Article XVI of an international convenant. We have also, I think, learned something from our Commonwealth experience. We had little to do with British foreign policy leading up to the present war, but we were as deeply involved in the results of that policy as Great Britain herself. That being the case, surely we should seek to influence British policy in some way when it appears to be going in the wrong direction. I do not mean by this that we should adopt certain ideas now being thrown out by various British Commonwealth leaders which look to the British Commonwealth as a unit in international affairs. If we act as a unit, I do not see how we can act also separately and maintain the national and

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[5]Canada, Chambre des communes, *Débats*, 1944, volume I, pp. 37-44.
Canada, House of Commons, *Debates*, 1944, Volume I, pp. 36-42.

international position we have gained. We can't have it both ways. Therefore, there is only one way. It is, I think, quite impossible for us, even if we so desired, to reverse the history of the last twenty years. The Prime Minister was, in my opinion, absolutely right when he deprecated this talk of a British Commonwealth unit in foreign affairs; talk based on views held, I'm afraid, in pretty high quarters, in the White House, in No. 10. Acting in unison as separate States is one thing; acting as a unit is quite another. I suppose you have noticed developments of the last few days in Moscow, where the Russians appear to be dividing up their State into a Russian Commonwealth of Nations. It looks as if they may flatter us by imitation, just at the time when there are some among us who desire to abandon the model which they are imitating.

Canada is achieving, I think, a very considerable position as a leader, if not *the* leader, among a group of States which are important enough to be necessary to the Big Four but not important enough to be accepted as one of that quartet. As a matter of fact, the position of a "little Big Power" or "big Little Power" is a very difficult one, especially if the "little Big Power" is also a "big Dominion". The big fellows have power and responsibility, but they also have control. The little fellows have no power and no responsibility; therefore are not interested in control. We "in between" States sometimes get, it seems, the worst of both worlds. We are necessary but not necessary enough! I think this is being felt by countries like The Netherlands and Belgium as well as by ourselves. That is why these countries are not only looking toward the Big Powers, but are looking toward each other for support. There is, I think, an opportunity for Canada, if we desire to take it, to become the leader of this group. This might be not only desirable in itself, but also would supply a useful corrective to those who think we should exercise no influence except within the confines of the British Commonwealth. It need not affect in any way our relationship within that Commonwealth, so our "Imperialists" could not object to it. By emphasizing our international position outside the Commonwealth, it should appeal to our nationalists and our internationalists.

As it happens, a group of people in Washington have been discussing how the influence of these middle Powers can best be exerted at the present time so as to ensure that the future world organization be based on all States and not merely on four. You will recall that we decided — I think very wisely — to oppose any automatical accession to the Moscow Declaration[6] on this question of post-war organization. Certain people here, however, think that the time has come when the States which were not represented at Moscow, but which are important in their own right, should themselves take initiative by a resolution or declaration, or some such act, in supporting the Moscow statement that the post-war organization should be a genuine United Nations one. To that end, they have drawn up a Declaration — which is still in very rough form — which the Governments concerned might make. I am attaching three copies of it,† and would be glad to get your views on it. If by any chance Canada wished to take the lead in this matter, I think she would find certain other Governments — I

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[6]Volume 9, documents 247-8./Volume 9, Documents 247-8.

have mentioned two or three above — which would be most responsive to that lead and might be glad to associate themselves with our Government in a Declaration of this kind.

I have done this note in a great hurry — I had hoped to spend much more time on it — but John Deutsch is leaving by plane in an hour or so, and I thought that if I finished it before he left you might get it at once and we could talk about it over the week-end.

Yours sincerely,

L. B. PEARSON

**735.** DEA/62-As

*Le premier secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*First Secretary, High Commission in Great Britian, to Assistant Under-Secretary of State for External Affairs*

PERSONAL CONFIDENTIAL London, February 2, 1944

Dear Mr. Wrong,

I am enclosing copy of a memorandum prepared in the Foreign Office on the subject of Intra-Imperial Relations, which I think you will find interesting. The history of this document is that it was written in the Dominions Information Section of the Foreign Office. It was seen and approved by Mr. Law[7] and Sir Alexander Cadogan and printed as a Foreign Office Print, so that it has that measure of the authority of the Foreign Office behind it, although I do not know that Mr. Eden has seen it.

As I thought that this memorandum would be useful to you and to Mr. Robertson I obtained a copy but was asked not to pass it on until the Foreign Office had consulted with the Dominions Office as to whether it was a suitable document for circulation. Apparently this approval has not yet been secured from the Dominions Office. I think, therefore, that we should respect this confidence and that this document should not be mentioned in conversation with the High Commissioner for the United Kingdom in Ottawa or any members of his staff as this might make difficulties between the Dominions Office and the Foreign Office.

I am anxious to hear how the memorandum strikes you. It is interesting to compare the attitude towards machinery for Commonwealth consultation, expressed in paragraph 5, with certain subsequent public pronouncements. I think on the whole the memorandum is a pretty shrewd appraisal of the realities of the situation from the United Kingdom point of view.

Yours sincerely,

C. S. A. RITCHIE

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[7]Ministre d'État/Minister of State, Foreign Office.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du Foreign Office concernant les relations au sein de la Commonwealth britannique*

*Memorandum by Foreign Office on British Commonwealth Relations*

CONFIDENTIAL [London,] November 30, 1943

THE BRITISH COMMONWEALTH

After four years of war it may be useful to review the general attitude of the Dominions other than Eire, and to draw attention to certain tendencies which have become apparent.

2. The war has proved the cohesion of the British Commonwealth in a way which has surprised the world and probably a good many individuals in the Commonwealth as well. When there was no immediate threat to their territories, the Dominions voluntarily came into the war, and they remained firm throughout the dark days of 1940. That is, of course, only part of the story, but it showed an appreciation of global strategy that was not shared by some other countries in similar postions. The circumstances in which they declared war and their actual war efforts varied, and vary, to some extent. Then our successive defeats on many fronts, following a hesitant pre-war policy, made them question our political and military leadership and enhanced their understandable tendency towards independent action. Above all, it made the Dominions turn more markedly towards the United States, and it has since become evident that the latter as a factor in Dominion affairs have come to stay.

3. In their habits and ways of living, people of the Dominions, with the exception of French Canadians and possibly South Africans, are in many respects more akin to Americans than to ourselves. This may not make them like each other any more when they come into contact, but it will, together with their comparative geographical remoteness from Europe, make them look at many international problems from very much the same angle. The fact that they have all emerged from a colonial status must give them some identity of outlook, and may indeed colour their views on the future of colonies as a whole. Whereas, however, Canada apparently shares the traditional American reluctance to undertake colonial commitments, Australia and perhaps South Africa, either on grounds of the necessity for more "modern" methods of colonial administration, or on account of their own strategical needs, appear to wish to participate in the administration of further dependencies, including parts of the British Empire, and even of the colonial possessions of other Powers. The political and strategic interests of the Dominions and the United States, also, are now interwoven to an extent that guarantees their mutual collaboration to a greater or lesser degree for decades. Finally, their association with the United States in the war gives the Dominions a sense of their ability to act independently of the United Kingdom, while, on the other hand, membership of the Commonwealth affords them protection from any undue assumption of our mantle on the part of the United States. A balance is thus

emerging which may in the long run either be advantageous to all English-speaking peoples or create a situation fatal both to the harmony of the Commonwealth and to Anglo-American relations.

4. As regards the feelings of the Dominions towards us, there would appear to be preponderantly a sentiment of loyalty to the Commonwealth idea, qualified by a certain feeling of frustration at their comparatively junior position vis-à-vis the United Kingdom, and some jealousy of each other, and no large body of opinion outside the South African Opposition parties in favour of secession. There is also a definite and not to be underestimated sentimental attachment to the "Mother Country" and to our common history, but this goes with an extreme sensitivity regarding their own sovereign rights and no great love for the home-grown Englishman as such. Despite our recent military achievements, there is still a considerable feeling that they are tougher and "freer" than we are; they are inclined to misconstrue the different sense of discipline of our armed forces as subservience and to attribute it to an outmoded social system. Nor can they get rid of the suspicion that we are fundamentally old-fashioned and may therefore ensnare their unsuspecting statesmen into reactionary policies.

5. The problem is to preserve and improve the unity of the Commonwealth and yet satisfy the Dominions that the fullest use and development of their newly attained independence will in no way be impaired. There is perhaps not a great deal we can do directly to maintain the structure of the Commonwealth. That depends more on common interests rather than on any formal action by us to strengthen existing ties. Public and even official opinion in the Dominions may from time to time demand the creation of imperial machinery for post-war consultation but it appears certain, although events may always take an unexpected turn, that Dominion Governments as a whole will not consent to any step which might limit their independence of action or even seem to do so in the eyes of other nations. It has also been shown on a number of occasions, notably at the International Food Conference at Hot Springs this year,[8] that they will shy off any publicly acknowledged arrangement which binds them to act as a Commonwealth unit and which even hints at the exclusion of the United States. Nor would a formalisation of relations accord with the essential flexibility of the Commonwealth. What would perhaps be more desirable are frequent informal and personal consultations and contacts at all levels, a strengthening of representation between ourselves and the Dominions and between the Dominions themselves and closer collaboration between our diplomatic missions abroad as the Dominions expand their Foreign Services.

6. As regards the further problem of Dominion representation at post-war conferences, there is no ideal solution. In general and so long as our representation of their interests is strictly informal and not officially assumed, the Dominions will generally allow and even expect the United Kingdom Goverment to act for the Commonwealth in matters of major political or strategic importance such as would be discussed by the four World Powers.

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[8] Voir le volume 9, documents 716-32./See Volume 9, Documents 716-32.

They may be reluctant to accept even this subordination of their individual representation, but they will probably do so because they realise that this is the best way of advancing their point of view and so obtaining a greater say in formulating policy than the minor Powers. On the other hand, they will insist on separate representation at all United Nations conferences, as well as at any conferences or on any commissions which are directly concerned with their particular areas and functions. Due provision for this is accordingly being made in plans that are being elaborated for the post-war World on a regional and functional basis.

7. While there may not therefore be a great deal that we can do directly, there is a great deal that we can do indirectly to maintain the reality of the Commonwealth. The Commonwealth still depends almost exclusively for its continued existence on the United Kingdom and on United Kingdom leadership. The moment we cease to be a World Power the Commonwealth automatically dissolves, because, despite their common origin and other bonds, the Dominions (with the possible exception of Australia and New Zealand) have no strong political affinities between themselves. It follows that the maintenance of the Commonwealth depends chiefly on our showing as a World Power; our ability to co-operate on equal terms with the Americans; the maintenance of the Royal Navy and the Royal Air Force at a level and in places which will contribute to the security of the Dominions; and, to a lesser extent, the demonstration of our progressiveness in all fields, not least those of social and economic reform. It is our showing as a European Power which may be expected to decide the attitude of Russia towards the Commonwealth. The Russians are well aware that we are the mainspring of the Commonwealth, and they may therefore judge it by the results of the Twenty-Year Pact.[9] If this works out well, the Russians should regard the Commonwealth and Empire with an open mind. If not, they will reinsure elsewhere and presumably look upon the Commonwealth, though not necessarily the individual Dominions, with disfavour, while their ideological dislike of the dependent Empire will be given fresh impetus. On their side, the Dominions will probably not be inclined for some time to do anything more than admire Russia from a safe distance, and this period should coincide with Russia's preoccupation in her own internal reconstruction. Meanwhile they will probably be more realistic than the United States in appreciating the need for concessions to Russian views.

8. It seems clear that we must be prepared to do two things. First, we must in future regard the Dominions not so much as offspring of the Mother Country but as fellow members of the United Nations, whose goodwill we already have in large measure and wish to retain on the basis that the more friends we have the better. We must do this because a clear-eyed approach to the question of Commonwealth relations, as opposed to a sentimental one, is necessary if we are not to endanger our relations with English-speaking peoples by becoming resentful either of the behaviour of the Dominions, who are naturally determined to have the best of both worlds, or of the intervention of the United

[9]Grande-Bretagne:/Great Britain: *Treaty Series*, 1942, No. 2.

States in Commonwealth affairs. It will help us to do this if we realise that, although the Dominions are very useful to us and we to them, we could still be a Great Power without them. We are a Great Power not merely by reason of our striking-power, our national cohesion and our colonial empire, but also by virtue of our political and economic experience and recognised leadership among the other Powers, helped by the unique position of London in the financial world. The foregoing does not mean that the Dominions value their membership of the United Nations above that of the Commonwealth. Probably the reverse is the case. Nor does it mean that we can dispense with their support any more than we can afford to alienate the confidence of any Power. We are a much greater World Power with the addition of Dominion man-power and industry and with the advantages provided by their geographic positions, while without us they would only be minor Powers. This insistence on flexibility and informality does mean, however, that the family bond which undoubtedly exists and which we should continue to make use of as a fund of goodwill and assistance in interntional relations cannot be presumed upon and must not be exclusive.

9. Secondly, we must accept with good grace, though with no apologies for the past and indeed some insistence on our rights, the fact that the United States is now in an undefined way associated with the Commonwealth. It is asking a lot of human nature to expect manifold rivalries and jealousies to merge eventually into a workable collaboration of English-speaking peoples, but any reasonable plan for the future demands as much, and this first step forward may initiate some wider scheme about which, as Mr. Curtin has said, "men have dreamed". Under the pressure of war a beginning has been made. How far it can be continued when we are faced with the problems of peace cannot be foretold. It has been well said that the majority of human problems are not solved so much by deliberate design as by the process of living through them and coming out at the other end.

**736.** W.L.M.K./Vol. 361

*L'ambassadeur de Grande-Bretagne aux États-Unis*
*au Premier ministre*

*Ambassador of Great Britain in United States*
*to Prime Minister*

Washington, February 8, 1944

My dear Prime Minister,

I have intended to write to you for several days, but put it off each day because I knew how busy you were, and I have failed to do so in the last few days because I went to New York to meet my wife who was just returning from England.

I had it, however, very much at heart to tell you how vexed and distressed I had been to learn through Malcolm MacDonald of the annoyance I had caused

to you by my speech at Toronto. I asked him to give you a message in this sense from me[10], but I wish to reinforce it by a personal line.

Quite apart from the merits or demerits of anything in my speech, I have been greatly disturbed to think that I should in any way have added to your difficulties at the present time, and I would beg you to accept my assurances that nothing was further from my thought or desire. I have admired the general wisdom with which you have given counsel to us all too much to make me unmindful of all the considerations that must be constantly present to your thought.

Nor do I think that our thought would be found in any substantial way to differ on this question. Perhaps one of these days there may be an opportunity of talking about it. I should value it very much.

With every good wish and again with many personal regrets that I should unwittingly have caused you annoyance,

Believe me,

Yours very sincerely,

HALIFAX

737. DEA/62-As

*Le sous-secrétaire d'État adjoint aux Affaires extérieures au premier secrétaire, le haut commissariat en Grande-Bretagne*

*Assistant Under-Secretary of State for External Affairs to First Secretary, High Commission in Great Britain*

PERSONAL AND CONFIDENTIAL Ottawa, February 11, 1944

My dear Charles [Ritchie],

I was greatly interested in the Foreign Office memorandum called "The British Commonwealth" which was enclosed with your personal letter of February 2nd. I enclose a copy of a note which I sent to Norman and he tells me that he endorses the points made in it. I think on the whole that it may be just as well that the document has not been circulated officially. It could, however, be recast without a great deal of trouble in a form suitable for official circulation.

I am going to send copies personally to Dana in Moscow and Mike in Washington and I shall show the paper to two or three other people here. If this results in further comments of value I shall write to you again.

You may find an opportunity to do some useful work in London in criticizing along the lines I suggest.

Yours sincerely,

HUME WRONG

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[10]Document 732.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] February 7, 1944

The attached letter from Ritchie covers a very interesting and on the whole encouraging Foreign Office document on Commonwealth relations. The policies proposed in paragraphs 7, 8 and 9 seem to me sensible and realistic. I wish that they would be practised in deed and in word by Mr. Churchill, Lord Halifax and others.

My main criticism, and I think it is really rather a vital one, concerns the phraseology adopted. So long as they go on generalizing in London about "the Dominions" they will mislead themselves and produce unnecessary reasons for friction. Note, for example, at the beginning of paragraph 4 the phrase "the feelings of the Dominions towards us." They would not write in the Foreign Office about the feelings of Europe or even the feelings of Latin America towards the United Kingdom. It is true, of course, that there is some substance to this lumping together of all the Dominions but I think that it is far less substantial than it was a couple of decades ago and that in the younger generation in Canada what might be called "Dominion consciousness" is almost non-existent.

On a first reading, apart from this general criticism, I have not a great deal to add. I think that in paragraph 3 the argument that because Canada was once a colony this gives it a special public opinion on colonial questions is unsound. The truth there is that we are geographically remote from colonial areas in the normal sense and we contain great undeveloped territories inside our national boundaries. I think also that the generalization about the attitude of the Dominions towards Russia in the latter part of paragraph 7 is unsound mainly for the very reason that this is one of the things on which we cannot assume a "Dominion point of view."

As a whole I find the memorandum encouraging in substance and mildly irritating in form. In view of the way in which it has reached us I am not sure what use we can put it to. It does give us a good opportunity to send some pointed comments to Canada House which can be disseminated tactfully among United Kingdom officials.

H[UME] W[RONG]

**738.** DEA/62-As

*Mémorandum de l'adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Special Wartime Assistant to Under-Secretary of State for External Affairs*

[Ottawa,] February 17, 1944

On the whole this memorandum strikes me as a sensible analysis from the point of view of the United Kingdom. In view of the Smuts and Halifax speeches[11] it is refreshing to see the United Kingdom represented as a Great Power. Another good point is in showing the United Kingdom as a common denominator in the Commonwealth. Canadian opinion, at least, always sees Commonwealth relations in terms of the United Kingdom.

I agree with the points noted by Mr. Wrong.

Since the Foreign Office Memorandum is frankly and quite properly written from the United Kingdom point of view, it would be useful if the same situation could be examined from the Canadian point of view.

[GEORGE GLAZEBROOK]

**739.** DEA/62-As

*Mémorandum de l'adjoint, le ministère des Affaires extérieures, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from Assistant, Department of External Affairs, to Assistant Under-Secretary of State for External Affairs*

[Ottawa,] February 19, 1944

NOTE FOR MR. WRONG

It is to be hoped that this cool appraisal of the weaknesses and strengths of the United Kingdom position is typical of contemporary thinking in the Foreign Office.

I should agree with the comments of Mr. Wrong and Mr. Glazebrook, particularly with regard to the generalizations about the views of "the Dominions".

The most encouraging fact about this memorandum is that it indicates an interpretation of the Commonwealth which, although regarded from the U.K. point of view, is not dissimilar from what might be called the views of this Department — a fact which should facilitate collaboration.

The rejection of the sentimental approach is worth noting. While this should mean that the United Kingdom will not try to take advantage of us by appealing to imperial sentimentality, it may also mean that we shall not be able

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[11]Pour le discours de Smuts, voir:/For Smuts' speech, see:
J. C. Smuts, *Thoughts on the New World*. London, Empire Parliamentary Association, 1943.

to get away with the sentimental approach either. We may find it difficult to try to eat our cake and have it. Britain, it is pointed out, can get along without us.

There are several minor points which might be noted: The suggestion in paragraph 3 that the United States and the Dominions have, because of their emergence from colonial status, a common viewpoint on colonies is, as Mr. Wrong has pointed out, unsound. It might be argued, on the other hand, that the radically different ways in which the United States on the one hand and the Dominions on the other emerged from colonial status have given them differing views. History is to some extent at least responsible for the emphasis placed by Americans on political independence as a panacea for colonial problems, an attitude which is less widespread even in Canada.

The last two sentences in paragraph 7 suggest that the Foreign Office has accepted the principles of functional representation.

I think that the statement that the United Kingdom must remain strong in order to hold the Commonwealth together may be right, although I am not certain. A relative decline in the strength of the U.K. and a relative increase in strength on the part of the Dominions would make equality of function as much of a reality as equality of status. Such a situation might render collaboration easier than at present, as there would be less fear in the Dominions that Commonwealth consultation would mean domination from London.

[J. W. HOLMES]

**740.** DEA/62-As

*Mémorandum du greffier, le Conseil privé, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from Clerk of Privy Council to Assistant Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL Ottawa, February 25, 1944

RE: THE BRITISH COMMONWEALTH

I was interested in the bootlegged copy of the Foreign Office memorandum of November 30th which you sent me, with copies of your letter to Mike[1] and your memorandum to Norman.

As I have already said, I agree entirely with your comments. I like the comparatively hard-boiled approach a good deal better than the mixture of old Toryism and sentimentality to which we are often enough subjected. Further, there is a good substance of truth in the analysis. On the other hand, like you, I feel there is something vaguely irritating about the general tone.

Apart from my agreement with your own comments, I might add:

(a) I do not think the strength of "the Commonwealth idea" (paragraph 4) is much of a factor so far as Canada is concerned — the attachment to Britain herself is much more important;

(b) the contention that the maintenance of the Commonwealth depends chiefly on Britain's "showing as a world power", ability to co-operate on equal terms with the Americans and maintenance of large defence forces (paragraph 7) is a good deal less applicable to us than to the members of the new South Pacific axis;

(c) I think we have gone beyond "admiring Russia from a safe distance;" it seems to me we have the real beginning of something a good deal more direct and individual.

The main point, of course, is yours. You cannot continue to lump "the Dominions" together and draw any conclusions of any value. Let's get rid of the term altogether.

A. D. P. H[EENEY]

**741.** W.L.M.K./Vol. 361

*Le Premier ministre*
*à l'ambassadeur de Grande-Bretagne aux États-Unis*

*Prime Minister*
*to Ambassador of Great Britain in United States*

PERSONAL Ottawa, March 3, 1944

Dear Lord Halifax:

I hope you will forgive me for having been so long in acknowledging your kind letter of February the 8th; also the message which came to me from you through Malcolm Macdonald, some days earlier — each in reference to the concern I felt as to the possible reactions throughout Canada for the speech you delivered before the Toronto Board of Trade on January the 24th.

I did ask Malcolm Macdonald to let you know of my appreciation of your word to me through him and to express my thanks for your kind thought in all that it expressed. But for the exceptional pressure of my duties during the past month, I would, long before this, have written to thank you for both your message through Malcolm and for your letter.

What I said in Parliament in reply to the Speech from the Throne — a copy of which, I understand, you have since seen — will have been sufficient to let you see the cause of my concern with respect to the speech itself. Quite frankly, it was not so much a feeling of annoyance as of dismay which overcame me when I gained for the first time, through the medium of the press and the radio, any knowledge of what had been said at Toronto and, in particular, of the parts of the address which were being featured. No subject in Canadian politics over the past forty years has occasioned more in the way of controversy than that of intra-Imperial relations as related to foreign policy and defence. To have had the subject brought up at all at a time of war, and in Toronto of all places in Canada seemed, for the moment, just too much for me to have to face, knowing what the reactions in certain parts of Canada were certain to be.

The Toronto gathering, as you will recall, was on Monday, the 24th of January — the week in which our Parliament met to wind up the business of the fourth session, and to begin, on the following day, that of the fifth session. I saw instantly that the whole subject would come up for debate on the address and that it would be necessary for me to say something upon it in my first speech in the new session.

The last thing that I had hoped would occur in the course of the war was that, in any way, it might come to be necessary for me to say so much as a word which might be construed as indicating a divergence of view between Canada and any other part of the Commonwealth in a matter which pertained to the well-being of the whole. As you will have seen from what I said in the House, I did my best to silence, for the time being at least, further discussion in Parliament and in the press. From the controversy which notwithstanding has arisen, you will find, I am sure, that my fears at the time were not without justification. My feeling was not against controversy as such, since the questions raised by your address in Toronto were certainly deserving of careful study and mature deliberation, but against controversy arising at that particular time.

I need hardly say that at no time have I entertained so much as the thought that you would take any step which you might have reason to feel would occasion me, in my present responsibilities, the slightest embarrassment. I am only too grateful for the personal friendship which, over many years, you have permitted me to share, and also for what your life and work and example have meant to me over that period of time.

Again let me express my regret at having been so long in thanking you for your letter. I thank you for it most warmly.

With kindest personal remembrances and, as always, warmest regards and best of wishes,

Believe me, dear Lord Halifax,

[W. L. M. KING]

**742.** DEA/62-As

*Le ministre, l'ambassade aux États-Unis,*
*au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Minister, Embassy in United States,*
*to Assistant Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL Washington, March 21, 1944

Dear Hume [Wrong]:

A month or so ago you were good enough to send us a memorandum on "The British Commonwealth" which Charles Ritchie had procured, in some devious way, from the Foreign Office. I agree with you that this is a "shrewd appraisal" of the existing situation, showing a good deal of insight and

knowledge, with an occasional mildly irritating attitude or expression allowed to creep in.

I note that in your memorandum to Norman[12] you quarrel with the practice in London of generalizing about "the Dominions". I know how you feel. This is annoying and, of course, often misleading. Yet I do not see how we can always avoid it as long as we are members of a Dominions group. It would be less annoying, and less misleading, if we could include the United Kingdom in that group. That would at least emphasize that such a group has little uniformity of political or economic, or even social, views.

I think one might take exception to the first sentence of paragraph 3 of the memorandum. Apart from ourselves, I do not think the other members of the Commonwealth are in many respects more akin to Americans than to Englishmen. Do you feel that what is termed "our emergence from a colonial status" has had any influence on our views on colonial questions generally? I think it extremely doubtful myself.

I find myself unable to accept the assumption in the last two sentences of paragraph 4; that the feeling indicated has no basis whatever in fact. I still think that, in some respects at least, Canadians are tougher and freer and less old-fashioned than they are in the "old country".

In paragraph 5 the statement is made, and it is certainly a correct one, that the "Dominion Governments as a whole will not consent to any step which might limit their independence of action or even seem to do so in the eyes of other nations." It never seems to occur to the people in London that acceptance of the imperial machinery suggested would limit the U.K. as well as the Dominion Governments. The fact that it never does occur to them is one of the best reasons for our rejection of it, because it indicates that the limitation is meant to be pretty one-sided.

I wonder what the writer is getting at when he states that the Hot Springs Conference proved our reluctance to accept any limitation of our independence. This question never arose there; at least to my knowledge. There was no suggestion at that Conference that we should act as a unit, though I believe the South Africans quibbled at the proposal that the Commonwealth delegations might occasionally meet together. The writer may have been thinking of that.

An extremely important statement is made in paragraph 6, that "the Dominions will generally allow and even expect the United Kingdom Government to act for the Commonwealth in matters of major political or strategic importance." In so far as Canada is concerned, don't you think that this is going a little too far, though I admit that the practice of the last four or five years gives the writer some ground for assuming that it is true?

Paragraph 7 and the first part of paragraph 8 are, I think, very good. Lord Halifax apparently would not agree with the statement that "although the Dominions are very useful to us and we to them, we could still be a Great Power without them."

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[12]Pièce jointe, document 737./Enclosure, Document 737.

Will you let me know the fate of this document? I wonder whether the Dominions Office will be allowed to have a go at it.

Yours sincerely,

MIKE [PEARSON]

**743.** DEA/62-As

*Le sous-secrétaire d'État adjoint aux Affaires extérieures au ministre, l'ambassade aux États-Unis*

*Assistant Under-Secretary of State for External Affairs to Minister, Embassy in United States*

PERSONAL AND CONFIDENTIAL Ottawa, April 21, 1944

Dear Mike [Pearson],

Thank you for your letter of March 21st about the Foreign Office memorandum on the British Commonwealth. You will be interested to know that Earnscliffe enquired informally as to whether we had heard of or seen this document and we admitted that it had reached us also informally. Garner and Costley-White came down and had a talk with Holmes and Glazebrook about the memorandum and points arising out of it. The two former were relieved and interested to find that on the whole we thought the memorandum took a useful line. For some reason the Dominions Office seems to have short-circuited and they were not very happy about this process.

Some of the points which you mention in your letter were taken up during this conversation, one of them the habit of generalizing "about the Dominions". But it is difficult to find any short alternative way of describing them in writing or conversation.

I quite agree with your suggestion in the third paragraph of your letter and I do not think that Canadians have any special qualifications for or interest in colonial questions.

I quite agree with your conclusion about the contradiction between the statement that the Dominion Governments are anxious to preserve their independence of action and the plans for Imperial machinery. As to the willingness of the Dominion Governments to allow the United Kingdom to act for them, I agree that this is not as true as it once was though we are still a long way from a readiness to express views on policy firmly at the time when policy is being made. This, however, is a generalization which has had important exceptions and I think you feel that the exceptions will tend to become the rule in time.

I am inclined to think that the train of thought started by the Foreign Office memorandum may be quite useful and healthy. Whether the Dominions Office are to carry on the analysis we haven't as yet heard. Several of us were interested in seeing the Foreign Office looking at the Commonwealth from a United Kingdom point of view rather than making an attempt to define the interests of the Commonwealth as a whole. There is, in general, a more

realistic touch in the Foreign Office memorandum than has appeared in most documents on the same subject. I will let you know if there are any further developments.

**744.** O.D.S.-N.A.R./Vol. 823

*Mémorandum du troisième secrétaire, le ministère des Affaires extérieures*

*Memorandum by Third Secretary, Department of External Affairs*

[Ottawa], April 21, 1944

COMMONWEALTH COMMITMENTS FOR CANADA
AS FACTORS FOR CONSIDERATION
IN CONNECTION WITH GENERAL SECURITY

(1) The achievement of world security must be the paramount consideration of policy and, consequently, no commitments should be made which would in any way impede the achievement of the objectives which are considered necessary for it.

(2) It was stated by the Prime Minister in the House on January 31, 1944, that world security depends on

(a) "preserving on the side of peace a large superiority of power, so that those who wish to disturb the peace can have no chance of success", and

(b) the creation of "an effective international system inside which the cooperation of all peace-loving countries is freely sought and given."

(3) It has been suggested by Lord Cranborne, speaking at the Guildhall on November 23, 1943, and by Lord Halifax, speaking at Toronto in January, 1944, that the Commonwealth should aim at having "one single foreign policy" (Cranborne) or a common policy in respect of defence and foreign affairs (Halifax). Any commitments toward such objectives would be justifiable from the point of view of Canada only if the objectives contemplated

(a) would not hamper the achievement of a general system of security; and

(b) would allow a policy which could be adapted sufficiently closely to the needs and interests of Canada within that system of security.

(4) In view partly of the way in which the arguments in favour of Commonwealth unity in policy have been advanced thus far, but in view more especially of the intrinsic nature of the proposal, it is inevitable that such a move would be seen by other countries as the formation of a power bloc to increase the strength and influence of a particular segment of the peaceful nations, from which the rest are excluded. The effect of this would be to encourage the tendency to form such blocs, which would cut across the lines of general cooperation on which international security must be based. The result would be to encourage forces which would disrupt the entire framework of security.

(5) The influence of the countries of the Commonwealth will be in the direction of peace. Their influence will be greatest if they can act in harmony on the issues which are deemed to be fundamental in the maintenance of peace

and in the context of a group of nations which do not suspect them of combining forces on all matters in an effort to obtain a predominant influence whatever the merits of a question at issue may be. Any such suspicion can be best allayed if there is no formal obligation to act as a bloc, and if reliance is placed rather on the community of tradition, history and culture and on a full and free exchange of views, to ensure that action will be in harmony on all issues in which a matter of fundamental importance is involved.

(6) Even assuming that no resentment at or emulation of such a "bloc" were forthcoming, and that it did not positively interfere with the achievement of general cooperation, it would be an advantage only if it did in fact produce a general continuity of policy which would add to the joint strength of the individual members as forces for peace. However, the interest of the various members of the Commonwealth are diverse in many respects, and their relations with other countries vary widely as a result of geographical position, economic relations and other matters. An attempt to fit the interests of all into a Procrustean bed of common policy would produce such friction that it would be likely to vitiate and stultify the efforts toward unity of policy in issues affecting the maintenance of peace. The Commonwealth has gained strength through the freedom of its relations which meant that there was little cause for friction, and thus unity, when it was necessary, could be achieved by free cooperation and brought wholehearted effort behind a policy decided on by each member of its own volition.

(7) In summary, it can well be argued that the proposals for a common policy would effect, not only a relative diminution in the influence of the Commonwealth as a force for peace, but also a positive diminution in that influence.

(8) So far as the position of Canada herself is concerned, Canadian relations with the United States are of a character different from those of any other part of the Commonwealth. Her position as an American nation is something unknown to any other member. Any Commonwealth commitments which would interfere with the adaptation of Canadian policy to the vital interests arising out of her geographical position would be intolerable. The flexibility of policy necessary for the successful maintenance of Canadian relations in the Americas could not be achieved if prior consideration had to be given to the possible necessity of modifications and amendments in the light of more remote and general interests of other British nations.

(9) The onus is on those who would radically alter the Commonwealth relationships and, in fact, reverse the whole trend of development, to show beyond any possible doubt that their innovations would effect a great and certain improvement. The results thus far have been good. The loss could be enormous and the risk is great of incurring such loss by tampering with present relationships.

(10) Lord Cranborne suggested on November 23 that "a British Commonwealth of Nations with divided councils on international affairs would lose all its influence" and concluded that we must have "one single foreign policy". The conclusion is not a necessary or even a sound one. What is wanted is a

community in attitude resulting in a harmony of policy. An attempt at forced community of policy might defeat the very objective that is sought.

(11) No regard has been had in this argument to the constitutional and legal problems involved, such as the responsibility of distinct executives to distinct legislatures for a common policy. Some of these appear to be virtually insoluble on the basis of a parliamentary democratic system but their consideration appears unnecessary at this juncture.

[R. G. ROBERTSON]

**745.** DEA/6065-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

DESPATCH 707 Ottawa, June 7, 1944

Sir,

It has been brought to my notice as a result of the recent meeting of the International Labour Conference in Philadelphia that the representatives of the Government, Employers and Workers of the United Kingdom continue to be described in the official record of proceedings as Government Delegate, Employers' Delegate and Workers' Delegate of the British Empire. The use of this title to describe a delegation appointed by the Government of the United Kingdom is so much of an anachronism that it is desirable that a change should be made at the instance of the United Kingdom Government.

This description was, of course, employed during the Peace Conference and in the signature of the Treaty of Versailles in 1919. It was discontinued, however, in 1927 with respect to representation on the League Council and Assembly. In the records of the last meeting of the Assembly the description is used "Delegation of the United Kingdom of Great Britain and Northern Ireland." The change made in 1927 followed on the discussions at the Imperial Conference of 1926. Sir Austen Chamberlain on March 9th, 1927, at a meeting of the League Council made a statement "at the express desire of all the Governments represented at the Imperial Conference" requesting that the form of treaties negotiated under the auspices of the League should be altered. His statement included the following paragraph:

The Covenant of the League of Nations has omitted to take note of the fact that there is an entity Great Britain, as well as the Dominions. The seat which I occupy here and in the Assembly is attributed by the Covenant to the "British Empire", but the Dominions sit in the Assembly in their own names. Great Britain appears nowhere, and the existing form of treaty concluded under the auspices of the League, therefore, causes us some inconvenience. If the League were willing to revert to the older and well-established form, it would facilitate our acceptance of treaties negotiated under its auspices.

Sir Austen Chamberlain's statement was particularly concerned with the form of treaties. The action taken by the League of Nations resulted in the replacement of the term "British Empire" by the term "United Kingdom of Great Britain and Northern Ireland" on the list of members of the League and of delegations to the Assembly from the Thirteenth Assembly of 1932 onwards.

It is felt that the practice adopted by the League of Nations should also be followed in the case of the International Labour Organization and I should be glad if you would ask the United Kingdom authorities to take the necessary steps to bring about this formal change. The desirability of such a change has been increased by the extensive use of the term "British Empire and Commonwealth" to indicate all the territories collectively which owe allegiance to the King. I am not aware of any particular reason which has brought about the survival of the old terminology in the case of the International Labour Organization. To secure a change all that would be necessary would probably be for the United Kingdom Government to address a formal communication to the Acting Director of the International Labour Office or perhaps to the Chairman of the Governing Body and also to issue credentials using the new style to their delegates at future International Labour Conferences.

I have etc.

W. L. MACKENZIE KING

**746.** DEA/6065-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 235 Moscow, July 21, 1944

SECRET

I have the honour to acknowledge receipt of copy of despatch No. 707 of June 7, 1944, addressed to the High Commissioner for Canada in London, in which he is instructed to object officially to the use of the title "Delegate of the British Empire" by the United Kingdom delegates to the International Labour Conference recently held in Philadelphia.

2. I should like to take advantage of the opportunity afforded by the receipt of the copy of this despatch to mention that I believe the uncertainty about the international position of Canada in the minds of Soviet citizens could be cleared up if more precise definitions could be given to the terms "British Empire" and "British Commonwealth of Nations". The latter term was adopted after the passage of the Statute of Westminister to describe the position of free and equal partners in an association of nations, but the term is not becoming accepted on account of obstinate refusal to use it by those who are unwilling to admit the full implications of that historic document.

3. Viewed from one sense the use of the title "Delegate of the British Empire" by representatives of the United Kingdom is not so much an anachronism, if by "British Empire" could be understood the territory embraced by the United Kingdom and the colonies, reserving the term "British Commonwealth of Nations" to describe that association of nations of which Canada is a member. If official steps could be taken to assure the future distinction between the two terms our international position would then become clear not only to people in the Soviet Union but also to those in the United States and other countries who are now misled by the loose phraseology used to describe what is a very subtle relationship difficult of comprehension by minds trained to formal and explicit political relationships.

4. The word "Empire" has come to connote a metropolitan area to which is subordinate a group of other areas. The United Kingdom of Great Britain and Northern Ireland, together with the colonies and dependencies, embraces a territory to which this term can very aptly be applied. It is, however, in its modern connotation a misnomer when applied to all the territory under the sovereignty of His Majesty. It is true that the title "Emperor" is only included among those of His Majesty in respect of India, but this fact could be used as an argument against any use of the word "Empire" to describe territory under the sovereignty of His Majesty apart from India.

5. We cannot rightfully object when Mr. Churchill and other British statesmen use the designation "British Empire" to describe the territory which is governed undisputably by the Government of the United Kingdom, but we can point out that the term "British Commonwealth of Nations" is a more correct description when they wish to use a term to describe territory that includes Canada. A short time ago Sir Archibald Sinclair in the House of Commons declared that the United Kingdom was prepared to participate in an international conference on civil aviation "as an empire" adding that this term related to the United Kingdom and the colonies. This use of the term by the United Kingdom Minister for Air shows the value of having a modern term to apply to the territory under the control of the Government of the United Kingdom and another distinct term to describe the association of nations usually incorrectly described as the "British Empire".

6. Viewed from this aspect it can be argued that we should not object but rather should encourage the use by United Kingdom representatives of the term "Delegate of the British Empire." At the same time, however, we should take steps to make clear to all the world that this term does not include Canada and that the only correct designation of that association of nations of which Canada is a member is the term "British Commonwealth of Nations".

I have etc.

L. D. WILGRESS

747. DEA/6065-40

*Mémorandum de l'adjoint, le ministère des Affaires extérieures, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from Assistant, Department of External Affairs, to Assistant Under-Secretary of State for External Affairs*

Ottawa, August 4, 1944

Re: Despatch No. 235 of July 21st from Moscow.

I think there is a good deal worthy of consideration in what Mr. Wilgress says. It has seemed to me that our objection to the use of the phrase "British Commonwealth and Empire" by United Kingdom spokesmen has not been entirely consistent with our general attitudes. We have never liked the word "Empire", but we have protested against any suggestions that the free and independent nations of the Commonwealth were of a kind with Uganda or Sarawak.

There are good idealistic reasons for thinking of the British Commonwealth as a great congeries of countries some of which have achieved self-government and some of which are in various stages on the way. This, however, has never been a conception which appealed greatly to Canadians and we have preferred not to be classed with niggers. It might be considered contankerous of us to object to an effort on the part of the United Kingdom spokesmen to emphasise a differentiation on which we have insisted.

In spite of the above comments, I should think that there are practical objections to a continuation of the practice of calling United Kingdom representatives at I.L.O. Conferences a "British Empire Delegation".[13] However correct this might be, it would be too difficult to explain to lesser breeds without the law. If these representatives were called representatives of the United Kingdom, it would be understood that they spoke for the Colonies just as the representatives of the United States would speak for the Virgin Islands. Furthermore, it is not impossible that in the near future some British countries which have not yet achieved full self-government might have independent representation on international bodies.

[J. W. HOLMES]

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[13]Notes marginales:/Marginal notes:
I agree with this. The realistic point is who issues the instructions? The answer is the U.K. Government not the Br. Empire Gov't. H. W[rong]
I think it might be worthwhile copying this for the missions receiving despatch 707 [Document 745], and also sending a copy to P.M. under a covering note. H. W[rong]

748. DEA/62-As

*L'ambassadeur en Union soviétique*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Under-Secretary of State for External Affairs*

SECRET Moscow, September 28, 1944

Dear Mr. Robertson,

I have received your letter of August 12th[1] in which you refer to my despatch No. 208 of June 30th[2] commenting on the papers relating to post-hostilities planning which you sent me with your despatch No. 97 of May 13th.[3]

I note that you would like me to clarify one point in my despatch. This is the statement I made at the end of paragraph 5 where I wrote "that the possibility of direct conflict of views (with the Soviet Union) will be less if we continue to permit the United Kingdom to speak for the British Commonwealth as a whole."

In making this statement I was giving expression to my views about a state of affairs that has become very obvious ever since the Moscow Conference of October, 1943. At that time I had a talk with Mr. Eden about the formation of the European Advisory Commission and I expressed to him our anxiety about confining membership to the three great powers. Mr. Eden, after explaining why the membership could not be enlarged, ended our conversation with the remark "tell Mr. Mackenzie King not to worry and that I will see that Canada's interests are looked after." I have often thought over the significance of this remark. At first I was inclined to pass it off as a casual remark of the sort that sometimes falls from the lips of harassed statesmen who do not realize the full significance of what they are saying. From what has happened since I am coming now to the belief that Mr. Eden's remark indicated a state of mind which is very marked in the case of Mr. Churchill and only somewhat less strong in the case of Mr. Eden.

This state of mind derives from the realization of the rapid growth of power relative to the United Kingdom on the part of both the United States and the Soviet Union. Seeking means of bolstering United Kingdom relative power and prestige, men brought up as Mr. Churchill and Mr. Eden have been instinctively feel that this can be accomplished in part by their becoming the undisputed spokesmen for the British Commonwealth of Nations as a whole. The three-power pattern of control of United Nations affairs gives them such an opportuntiy and it is my suspicion that they welcome this opportunity and will do as little as they possibly can to change the existing set-up.

The constitutional changes introduced in the Soviet Union last February have become an additional obstacle to the participation of Canada in United Nations organizations dealing with major political as distinct from questions of a purely functional character. The United Kingdom Government can always

point to the danger of the Soviet Government raising the question of the participation of the constituent republics. It suits the Soviet Government to have the United Kingdom Government regarded as representing the British group of nations in the higher councils of the United Nations just as they wish to be regarded as representing the Soviet group of nations. The United States also prefers not to have Canada and the other British dominions, including India, participating too directly in major political questions because criticism is constantly directed in the United States against the many votes of the British Empire.

Thus we are finding our position in international affairs becoming still more subordinate to the United Kingdom. Whereas in the last war we advanced in status, I detect in this war a tendency in the reverse direction. It is true, of course, that in respect of autonomy in domestic affairs each member of the British Commonwealth is independent and equal. This, however, is becoming less true of international affairs because the three-power pattern of the United Nations is placing us more and more in a position of subordination to the United Kingdom.

What is happening today is that the only opportunity we have of exerting any influence on major questions of policy is when we are consulted on these questions by the United Kingdom. It is quite true, as you state, that the United Kingdom can only speak for us or for the British Commonwealth as a whole with our express consent, but the point is that we have to give that consent if our views are to be made known at all. No one has yet been able to foresee what would happen if there should be a serious divergence of view between Canada and the United Kingdom. From the practical point of view, all that the Soviet Government learn of our views in the majority of instances is that they are told by the United Kingdom Government "the dominions have been consulted and have concurred."

As a Canadian one must feel that this position of greater subordination to the United Kingdom in questions of major political importance does not conform to our contribution to the war nor to our political and economic importance. Moreover, while we have a special relationship to the United Kingdom we also have a special relationship to the United States, the development of which is rendered difficult if on major questions of international policy we only have the opportunity of making our views known and of exerting our influence through the Government of the United Kingdom. The same considerations apply to our relations with the Soviet Government, although in this case it is of much less importance that we establish close and intimate relations.

Frankly, I do not know what we should do to correct the situation which has been developing in a manner so unsatisfactory to our future position in international affairs. Last November I proposed to you that whenever we are consulted by the United Kingdom Government on a political question of importance we should make our views known not only to that government but also to the United States and Soviet Governments. I now realize that this would hardly be practical at least so far as the Soviet Government is concerned

and we might be laying ourselves open to rebuffs if we approached too often the United States Government. The only other course that suggests itself is to follow the tactics that General de Gaulle has pursued in order to assure that the French Committee of National Liberation shall not be entirely overlooked in the consideration of political questions. This would be tantamount to making a nuisance of ourselves which we could not do now without prejudicing both Allied harmony and our own national unity. After the Germans and Japanese have been defeated it may become necessary to exert ourselves because after all that we have done in this war Canadians may not be content that Canada should continue to play only a subordinate role in world affairs.

Yours sincerely,

L. D. WILGRESS

**749.** DEA/6065-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

DESPATCH 1849 London, October 27, 1944

Sir,

I have the honour to refer to your despatch No. 707 of the 7th June, in which you requested me to bring to the attention of the Government of the United Kingdom the question of the continued use by the International Labour Organization of the archaic term "British Empire" as descriptive of the Delegation of the United Kingdom.

2. On receipt of your foregoing despatch a communication† along the lines you suggested was sent at once to the Secretary of State for Dominion Affairs. A reply† has now been received from Lord Cranborne in which he states that the Acting Director of the International Labour Office is being requested to arrange for the use in future of the term "United Kingdom of Great Britain and Northern Ireland" in place of "British Empire" in lists of State members of the International Labour Organization issued by the International Labour Office. In lists of the Delegations the abbreviated form "United Kingdom" will be employed.

3. I think you will agree that this revision will meet the needs of the situation.

I have etc.

VINCENT MASSEY

**750.** DEA/62-As

*Le ministre, l'ambassade aux États-Unis,*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister, Embassy in United States,*
*to Under-Secretary of State for External Affairs*

Washington, November 17, 1944

Dear Mr. Robertson,

I was extremely interested in Mr. Wilgress's despatch from Moscow dated September 28, a copy of which you were good enough to send to this Embassy, and which deals with the increasingly important question of single or separate representation of the nations of the British Commonwealth at international conferences and discussions. Mr. Wilgress repeats in this regard a remark of Mr. Eden's, "I will see that Canada's interests are looked after." This remark expresses a point of view which is held, I think, by Mr. Eden and much more strongly, as Mr. Wilgress states, by Mr. Churchill. It is apparently held also by Viscount Halifax and Mr. Harold Butler[14] in Washington. The latter, in an interesting speech at Cincinnati on November 17, on "The Structure of Post-War Security" made, for instance, the following misleading statement:

"The other day, at Dumbarton Oaks, a beginning was made in laying the foundations of a new and more secure peace. The first stage consisted of conversations between the four principal powers — the United States, the British Commonwealth, the Soviet Union and China. That seems to me a beginning at the right end."

Mr. Butler must surely have known that it is not correct to say that the British Commonwealth was represented at Dumbarton Oaks even though one member of the Commonwealth kept the other members informed of what was going on there. I am tempted to add that if the price for such information is an alteration of the Constitution of the Commonwealth, it is probably too high to pay.

Similarly Lord Halifax, forgetful apparently of his Toronto experience, is reported in the *New York Times* this morning as having said the following in a speech yesterday in New York:

"This society for the promotion of American-Soviet friendship speaks for two sides of the triangle. The third side is the British Commonwealth; and it is symbolic of this threefold association that the United States, Soviet Russia and the British Commonwealth are represented here tonight. I am convinced that the combination of these three, rallying all the peace-loving forces among the nations, can secure our children and children's children against a repetition of the present tragedy."

It seems to me that the evidence is quite clear that remarks of the kind mentioned above are not casual and unthinking but are deliberate and

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[14]Ministre, ambassade de Grande-Bretagne aux États-Unis.
Minister, Embassy of Great Britain in United States.

considered and spring, as Mr. Wilgress suggests, from the realization that the U.K. itself may no longer be powerful enough to be placed securely along side the U.S. and the U.S.S.R. in the triumvirate of Great Powers. Therefore, the conception of the single Commonwealth and Empire should be built up. This building up process is encouraged, on occasions, both in Washington and in Moscow, by those who for one reason or another prefer to deal with the British Commonwealth as a unit, and who seem unaware of the fact that the course of historical development cannot be altered in this way. Mr. Wilgress also touches on this aspect of the question in his despatch. From all this, he draws the lesson, which I must say I sometimes draw myself in Washington, that if we are not careful our international position as an independent nation within the British Commonwealth will be weaker at the end of this war than it was at the beginning.

Is there not some way in which we can bring again officially to the attention of the U.K. authorities the fact that their leaders in high places cannot, without prior consultation and consent, set themselves up as spokesmen for the British Commowealth.

Yours sincerely,

L. B. PEARSON

**751.** W.L.M.K./Vol. 240

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] February 2, 1945

You have once or twice queried the use of the name "Canada" as distinct from "Dominion of Canada" in departmental and general usage.

Strictly speaking, "Dominion of Canada" is not the correct name of this country; over a period of several years we have used Canada standing by itself in all External Affairs documents. All foreign governments follow the same usage in documents addressed to us or in agreements negotiated with us. I find that in 1938 it was pointed out officially to the United States authorities that the name "Canada" should be used in a treaty which we were negotiating with them at that time. Since then the United States authorities have been careful to use the proper name on all occasions. In 1941 the same point was made in correspondence with the United Kingdom authorities, who agreed that it was not strictly correct to use the name "Dominion of Canada". The authority with regard to the proper name of the country is Section 3 of the British North America Act, which is as follows:

"It shall be lawful for the Queen, by and with the advice of Her Majesty's Most Honourable Privy Council, to declare by Proclamation that, on and after a Day therein appointed, not being more than Six Months after the passing of this Act, the Provinces of Canada, Nova Scotia and New Brunswick shall form

and be One Dominion *under the name of* Canada; and on and after that Day those Three Provinces shall form and be One Dominion under that Name accordingly."

Originally the inclusion of the words "Dominion of" in the national style may have been due in part to a desire to distinguish the new country from the old province of Canada. When dominion status was a new development and the use of the term emphasized the fact that the old colonial position had been left behind, I think there may have been some value in stressing the term. Now, however, I think the contrary is true. The term "dominion" has acquired the general connotation of a status distinctly more than colonial, but still somewhat less than fully national. Talk of the granting of "dominion status" to India after the war, subject to certain restrictive agreements as to the British position, or of granting the same status to Burma, subject to limitations on her capacity to enter into external relations, serves to indicate an understanding of the term as involving a more or less qualified autonomy. If this meaning is commonly attributed to it, and I think in many cases it is, the general association of the term in the name of Canada can only lessen the general appreciation of full maturity that has been achieved and which we wish to have understood. For these reasons I think it is desirable that the continued use, especially by Government departments, of what is, in any event, not the correct name for this country should be discouraged.

[N. A. ROBERTSON]

**752.** DEA/62-As

*Le haut commissaire en Grande-Bretagne*
*au sous-secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Under-Secretary of State for External Affairs*

CONFIDENTIAL London, February 28, 1945

Dear Mr. Robertson,

As you are aware the Third British Commonwealth Relations Conference is now in session at Chatham House. Recently I arranged a dinner in my rooms for the Canadian delegates. I was anxious to provide them with an opportunity of talking frankly and confidentially with members of the United Kingdom Government and several leading journalists in London. We had a most interesting evening in which the conversation was fortunately candid and outspoken. The views expressed at the meeting by the Cabinet Ministers present are, I think, of considerable significance from the point of view of Canadian policy. I am enclosing, therefore, a memorandum of the discussion prepared by Mr. Holmes, who was present.

In view of the fact that this occasion was private and informal this document should be treated as highly confidential.

Yours sincerely,
VINCENT MASSEY

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du deuxième secrétaire,*
*le haut commissariat en Grande-Bretagne*

*Memorandum by Second Secretary,*
*High Commission in Great Britain*

STRICTLY CONFIDENTIAL [London,] February 28, 1945

On Wednesday, February 21st, Mr. Massey held a private dinner for the Canadian delegates to the British Commonwealth Relations Conference in order to provide them with an opportunity of meeting leaders of opinion in this country whom they would not otherwise have had a chance of seeing. Those present at the dinner, in addition to Mr. Massey, were:

E. J. Tarr, K.C., Winnipeg,
Lt.-Col. Victor Sifton, Winnipeg,
B. K. Sandwell, Toronto,
W. A. Irwin, Toronto,
R. G. Trotter, Kingston,
F. A. Brewin, Toronto,
L. B. Unwin, Montreal,
D. R. Michener, K.C., Toronto,
Lionel Roy, Quebec

The Rt. Hon. C. R. Attlee, Deputy Prime Minister and Lord President of the Council,
The Rt. Hon. Viscount Cranborne, Secretary of State for Dominion Affairs,
The Rt. Hon. Viscount Swinton, Minister of Civil Aviation,
The Rt. Hon. W. S. Morrison, Minister of Town and Country Planning,
The Rt. Hon. Richard Law, Minister of State,
Geoffrey Crowther, Editor of *The Economist*,
R. M. Barrington-Ward, Editor of *The Times*.

At the conclusion of dinner Mr. Tarr and other Canadian delegates, at Mr. Massey's invitation, inaugurated discussion with a very frank explanation of the differences in approach which they found between the Canadian and the United Kingdom delegations at the Conference. The Canadian delegates were worried over the preoccupation of the United Kingdom delegates with the desirablity of integrating the Commonwealth by the establishment of more formal machinery. This attitude was not only contrary to the trend of opinion in Canada but was considered by Canadians to be contrary to the best interests of the Commonwealth and of the world at large. Although the Canadian view was accepted by the United Kingdom delegates it was accepted with regret. The Canadians, on the other hand, did not understand the reason for regret as they did not consider their views of Commonwealth relations to be second-best. These opinions were expressed by Mr. Tarr in the first place and supported by

almost all the Canadians present. Mr. Sandwell emphasized the fact that the delegates represented various shades of Canadian opinion on domestic and international policy, but they found themselves in very substantial agreement on the nature of Commonwealth relations. Mr. Unwin, who said he represented the Right, and Mr. Brewin, who said he represented the Left, concurred.

After most of the Canadians had expressed their views Mr. Massey asked Lord Cranborne to comment. Lord Cranborne outlined some of the current views on Commonwealth relations. He said that Mr. Lionel Curtin's advocacy of federation was logical and in some respect attractive but he could not consider it practical politics. He referred to the proposals for central machinery made by Mr. Curtin[15] and indicated that he rejected this approach also as impracticable. Then he proceeded to outline the present machinery of consultation, which he seemed to consider eminently satisfactory. What was important, he said, was that there should be as much consultation as possible. There was constant consultation going on of a very satisfactory nature. It was important that we should seek to compose our differences and agree as much as possible but we should not insist upon unanimity. He referred to the happy experience at Geneva where each Commonwealth country acted on its own and sometimes differently from the others but there was always constant consultation.

Lord Cranborne was followed by Mr. Attlee who, in a concise and forceful statement, expressed agreement with Lord Cranborne. He emphasized the great values of the present informal relations which were consistent with British constitutional practices. Mr. Attlee pointed out that the constitution of the Commonwealth had developed ad hoc to meet new situations. The Statute of Westminster did not create a new situation but confirmed that which already existed. He deplored the approach to Commonwealth relations of those who wished to devise new paper constitutions.

Mr. Law later carried on in the same vein. He said that the Commonwealth was not a mechanism but an organism and he feared the effects of formalization of its relations. Possibly the most forceful support for what might be called the Canadian view came from Lord Swinton. He was highly pleased with his experience of Commonwealth relations in Chicago and Montreal. There had been constant consultation, but each country acted independently. At a conference where all countries of the Commonwealth were represented there was no question of the desirability of each acting independently. He did suggest, however, that on occasions when they were not all represented one nation might be delegated to speak for others on matters on which there was agreement. Mr. Morrison expressed agreement with what had been said by his colleagues, although he did not go into the subject as thoroughly as they had. Those Cabinet Ministers present seemed to be agreed that:

(a) the Commonwealth relations are in a healthy and satisfactory state,

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[15]Voir/See:
Nicholas Mansergh, ed., *Documents and Speeches on British Commonwealth Affairs 1931-1952*, Volume I. London, Oxford University Press, 1953, pp. 562-65.

(b) constant consultation is desirable,

(c) satisfactory machinery of consultation exists and any changes should be in the direction of improving and developing that which exists rather than of setting up central bodies, which might only cause trouble,

(d) the "single-voice" theory is not only impracticable but is not in the best interests of the nations of the Commonwealth who will be more influential if they act independently.

The representatives of the press were also asked to express their opinions. Mr. Barrington-Ward seemed to be in complete agreement with the prevalent views. He particularly emphasized the importance of a truly international security organisation to the survival of the Commonwealth, a point which had been stressed previously by Mr. Brewin. The prevailing unanimity of opinion was somewhat impaired, however, by Mr. Geoffrey Crowther. Mr. Crowther was prepared to accept the Canadian view as inevitable but he insisted on preserving his regrets. He could not see why a closer integration of Commonwealth policies was inconsistent with the interests of the world organisation. The Soviet Union and the United States were obviously making special agreements and he thought this a good thing. From his knowledge of United States opinion he did not think the Americans would object to closer Commonwealth association. It should be added that Mr. Crowther was not entirely alone in his views, which received some sympathy from Mr. Michener of the Canadian delegation.

The convictions expressd by such an influential group of British statesmen had a profound effect on the Canadians present. Mr. Tarr said he was profoundly relieved to know that the views to which they had been exposed were not necessarily the views of the United Kingdom as a whole. He was reassured from what he had heard that Britain was still great. There is no doubt, I think, that this occasion served a most useful purpose. It put the Canadians in touch with opinions that really matter in this country and served to correct the impression created by what seems to be an unfortunately chosen United Kingdom delegation at the Conference. On the other hand, it was, I think, useful for British Cabinet Ministers to hear this frank exposition of Canadian opinion. It should serve to put at rest any doubts they might have had — and I have no reason to believe they had any — that the Prime Minister spoke for most Canadians last Spring.[16] The frank statements by Lord Cranborne and other Ministers should also put at rest, I think, uncertainties which might have been felt as to the intention of the United Kingdom Government, at least of an influential portion of it, in this respect. I do not think that those present had any doubts whatever that the United Kingdom representatives spoke from real conviction and not out of politeness.

J. W. H[OLMES]

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[16]Voir:/See:
W. L. Mackenzie King, *Canada and the Fight for Freedom.* Toronto, Macmillan, 1944, pp. 310-26.

**753.** DEA/2925-A-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 718 London, May 1, 1945

SECRET. We are at present preparing draft Commercial Treaty with China contemplated under provisions of Article 8 of Extra-Territoriality Treaty of January 11th, 1943. In accordance with normal procedure, we shall communicate draft to Dominion Governments when it is contemplated [completed], but meanwhile we should be glad of their views upon following points.

2. It will be remembered that Drafting Committee of Imperial Conference of 1930, in a report on form of commercial treaties, recommended that "the practice of stipulating for benefits (I) for all His Majesty's subjects, (II) for all Commonwealth ships, (III) for goods imported from whatever part of the British Empire and (IV) for an accession clause in treaties or other agreements with foreign Powers when His Majesty acts on behalf of one of the members of the British Commonwealth only should be continued, as far as possible, in as much as it is felt by all that it would be in the interest of each member of the British Commonwealth to be placed in such a position as to be able to avail itself of these advantages whenever it so desires". Representatives of all Governments of British Commonwealth, except Government of Irish Free State, agreed to this recommendation which was in accordance with our existing practice.

3. Under provisions of such a Commercial Treaty between United Kingdom and a foreign Government, Dominion nationals and ships secured identical benefits to those accorded by the Treaty to British subjects belonging to the United Kingdom and British ships connected with the United Kingdom, whilst it was possible for Dominion Governments by granting most favoured nation treatment to goods of a foreign country to secure under the "nevertheless clause" (where one existed) similar terms for Dominion goods in that country without being bound to reciprocate most favoured nation treatment granted to their goods by a foreign country. It was, therefore, in practice, unnecessary for the Dominions to accede to a United Kingdom commercial treaty in order to secure most of its benefits to their nationals, ships and goods.

4. As Dominion Governments are aware, it has already been found impossible to secure inclusion of "nevertheless clause" in recent commercial treaties and it is proposed to abandon the attempt in future negotiations. Further, our experience shows that it is becoming increasingly difficult to justify to foreign Governments the inclusion in a treaty with the United Kingdom alone of provisions which apply to all British ships and all British subjects. So far as ships are concerned, it seems to us impossible to continue to secure inclusion of all British ships as port of registry of any ship is an easily ascertainable fact which shows whether ship does belong to United Kingdom, unlike a British

subject regarding whom it is often difficult to decide to what part of British Commonwealth he "belongs" for present purpose.

5. As regards British subjects, so far as contemplated treaty with China is concerned, we think that in view of definition in Article 1 (II) limiting application of Extra-Territoriality Treaty to British subjects belonging to territory to which that treaty applies, it may prove impossible to secure benefits of commercial treaty for all British subjects. There may be particular difficulty in case of Dominion nationals, but we should propose to try to retain at least the definition of subjects to include those in Colonial territories. We should be glad to know what your views are about exclusion of Dominion nationals from definition and to learn whether, in the case of any future commercial treaties which may be negotiated, your Government would desire us to continue our present practice in accordance with recommendations of Drafting Committee of 1930, quoted in paragraph 2, to attempt to secure inclusion of all British subjects. In some cases in the past it has already been found difficult to accept this. We should also be glad to learn your views upon inclusion of accession clause both in China Treaty and in any future commercial treaty.

6. It will, of course, be appreciated that if we are faced with strong resistance to maintenance of previous practice from foreign Governments concerned, we should not feel justified in jeopardising whole of negotiations for inclusion of particular provisions in question. Matter is one of some urgency as we are anxious to submit draft treaty to Chinese Government in near future. An early reply would, therefore, be appreciated.

**754.** DEA/2925-A-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 143 Ottawa, June 7, 1945

SECRET. Your circular D. 718, May 1, proposed commercial treaty between U.K. and China and form of commercial treaties in general. In view of changed conditions since 1930 and considerations set forth in your telegram we should not (not) be inclined to object to the abandonment of the procedure recommended by the Drafting Committee of the Imperial Conference in 1930.

2. We should not object to dropping, from future commercial treaties, the accession clause and the "nevertheless clause". As regards ships, we should not object to the limitation of benefits to ships registered in the part of the Commonwealth which is making the treaty. We should be inclined to favour the limiting of clauses giving benefits to His Majesty's subjects to subjects "belonging to" the part of the Commonwealth which is making the treaty.

3. It is possible that a case may arise in which one nation of the Commonwealth may wish to ask another to attempt to include one or more of the "old style" clauses in a commercial treaty. However, if your Government follows its

normal practice of giving advance notice of treaty negotiations, there will be an opportunity for any other nation of the Commonwealth to suggest such a course.

4. We should be glad to know the views of the other members of the Commonwealth.

5. The general views expressed in paras. 1 and 2 of this telegram are especially applicable to the proposed commercial treaty between the U.K. and China because Canada and China are bound (by the Canada-China Extra-Territorial Treaty of April 14, 1944[17]) to negotiate a commercial treaty between Canada and China. There is therefore no reason for including Canada in the benefits under the proposed U.K.-China Commercial Treaty.

**755.** DEA/6133-40

*Mémorandum du deuxième secrétaire*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum from Second Secretary*
*to Associate Under-Secretary of State for External Affairs*

[Ottawa,] September 11, 1945

The attached memorandum from John Holmes is a most useful one. If, as it now appears likely, the United Kingdom is to make an attempt to define British foreign policy in terms of the new world situation, and in particular the radical changes in the power position in Europe, the consequences to Canada are bound to the far reaching. As John Holmes suggests it does not seem to be a question so much of the British trying to secure identical views on the part of the Commonwealth Governments, as to avoid a situation in which having taken up a position they might find themselves at odds with certain of these governments.

From our point of view, Canada cannot avoid commitments arising from decisions of the Big Powers and, of these Powers, the United Kingdom is the only one likely to be at all receptive to our suggestions or to any influence we may wish to exert. Moreover, should the present tendency of dividing Europe into spheres of influence continue to develop, with a British alliance bloc in the West, Canada as part of Britain's "Alliance Potential" would be directly affected.

As regards method, surely discussion of individual problems, on an official level would be preferable to the preparation of a statement of "broad opinions" suggested in the memorandum. I do not think we will get anywhere by the exchange of memoranda, nor are we likely to get a very clear insight into British policy by this method. A meeting of top level officials, however, would probably yield the best results.

[GEORGE IGNATIEFF]

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[17]Canada, *Recueil des traités*, 1944, N° 11.
Canada, *Treaty Series*, 1944, No. 11.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du deuxième secrétaire, le haut Commissariat en Grande-Bretagne à l'ambassadeur aux États-Unis*[18]

*Memorandum from Second Secretary, High Commission in Great Britain, to Ambassador in United States*[18]

[London, n.d.]

I have made some informal enquiries at the Dominions Office in order to assess the motive behind and the background of the invitation to the Commonwealth Prime Ministers to come to London or to send deputies during the meeting of the Council of Foreign Ministers in September.[19] The Dominions Office officials admit that this was inspired to some extent by the recent exclamations from Canberra,[20] but they insist that its primary inspiration was the desire of the new Government to make certain that in their major policies they are keeping in step with the wishes of other Commonwealth governments. As one Dominions official frankly put it, "This is not the Halifax plan for a single voice. The members of the new Government are anxious to meet representatives of other Commonwealth Governments and inform themselves of the general trend of their views on international policy.".

It looks as if, in spite of the continuity of foreign policy displayed up to the present by the new administration, Mr. Bevin and his colleagues are preparing to come down with some definite decisions on a number of matters. The most urgent of these matters is the treatment of the Soviet Union. There are increasing signs of impatience on Mr. Bevin's part with the cat and mouse game that has been going on in the Balkans. (Witness his consistent policy of telling Tito[21] to put up or shut up.) The United States initiative in Roumania and Bulgaria alarmed the Foreign Office who were afraid of interference in areas beyond their reach. But to everyone's surprise it looks as if these bold gestures will succeed. If they do, they will have to be followed up (as the British representatives in Bucharest are now pointing out). The tendency of the previous government seemed to be in the direction of writing off a good deal of Eastern Europe as a Soviet protectorate about which one could do little but make face-saving protestations. The United Kingdom may, therefore, with the United States (although the United States is very nervous about a closed partnership) be on the point of taking an important plunge with increased commitments.

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[18]À Londres pour une réunion du Comité exécutif de la Commission préparatoire des Nations Unies.
In London for meeting of Executive Committee of United Nations Preparatory Commission.

[19]Volume 10, document 632./Volume 10, Document 632.

[20]Voir le volume 10, document 631./See Volume 10, Document 631.

[21]Premier ministre et ministre de la Défense nationale de Yougoslavie.
Prime Minister and Minister of National Defence of Yugoslavia.

The Balkan situation is mentioned merely as an example of the kind of problem which the United Kingdom will wish to discuss. It could be argued that they are seeking a guarantee of Canadian and Australian support for their policy in the Balkans and elsewhere, and Canada would naturally be reticent about signing any blank cheques of this kind. I feel reasonably convinced that the Labour Ministers really do want something else. Just as they are always anxious to know the views of the French and the Americans before they act, they wish to make sure that they do not make irrevocable decisions without being assured that their policies are generally acceptable to the other Commonwealth countries. Although Labour Ministers' views on the Commonwealth tend to be inchoate and sometimes garbled, temperamentally I think that they are close to the Canadian conception of the "alliance potential". They seem to share the suspicions of other peoples about the inablility of the Conservatives to understand the Commonwealth and treat it properly, and there is evident a suggestion of slightly revolutionary mission about the way in which they are emphasizing "consultation and collaboration". It is natural that they should be peculiarly sensitive about the criticisms which come from their ideological brethren in the Antipodes and they will perhaps be inclined to take for granted that Canada and South Africa want the things Dr. Evatt demands. Until they understand the Canadian point of view they may embarrass us with invitations and proposals. (They will have to learn not to act precipitately and offer participation to us in the way in which it was offered in the occupation of Japan.)[22] They don't understand the Commonwealth as well as Lord Cranborne or Mr. Eden did, but their instincts are sound, I think — and Mr. Attlee understands the Canadian viewpoint better than Mr. Churchill ever could.

It is difficult to overestimate the importance for Canada of the matters which will be discussed at the first meeting of the Council of Foreign Ministers. Whether a Canadian representative would be admitted to the Council or not is doubtful. How far we could influence final decisions by influencing the United Kingdom representatives is also doubtful. It is not clear however, what other channels are open to us. We should not under-estimate our improved chances of influencing the British since the San Francisco Conference. There is no doubt of the profound impression made on the United Kingdom authorities — as well as those of other countries — by the Canadian delegation at U.N.C.I.O. [United Nations Conference on International Organization]. The important thing about this Canadian contribution was that it was not in a limited sphere in which we were considered to be specially interested but in the broadest sphere of world affairs. We are now looked upon as a country which has sound and responsible ideas on important problems.

The acute problems of personnel will, it is presumed, make it difficult for Canada to send a high level representative to London as suggested. Dominions Office officials with whom I have spoken have indicated the hope that Canada might be able to send a Cabinet Minister and, if we considered it necessary, an

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[22]Voir le volume 10, document 806./See Volume 10, Document 806.

expert adviser. I pointed out that although I had no indication of the Government's intentions, it would be very difficult to spare men of either kind at this time. If this is not feasible, would it be possible for the Canadian Government to give some indication to the United Kingdom of its broad opinions on the principal matters to be discussed, in particular: relations with the Soviet Union and specifically the policy to be followed in Eastern Europe, and the treatment of Germany and Japan. We should have enough information on which to base sound judgements. Such a statement might be useful to clarify Canadian policy (and incidentally provide guidance for Canadian representatives abroad) even though the final decision will be taken by the Great Powers. We should not expect the United Kingdom to accept our views, and we should not expect to be committed by United Kingdom decisions. (Perhaps our old preoccupation with commitments needs to be re-examined in the light of the experience which proves that we, like the Nicaraguans and the Dutch, are committed to some extent at least, by decisions of the United States and the United Kingdom whatever the state of our sovereignty.) Such an independent statement might actually forestall a situation like that which occurred after the Prime Ministers Meetings of 1944 when Mr. Churchill and Mr. Eden showed some disposition to claim a particular, rather than a general, support on our part for United Kingdom foreign policy.[23] It might even be argued, I think, that we owe it to the United Kingdom in return for the frank information which they give to us on all details of their policy and which we freely accept to give them some idea of our views on major problems. That they would be interested in knowing I should judge from the fact that we are constantly being asked in the Foreign Office what Canada's views are on all subjects from the future of General Franco to the future of Hong Kong. If it is considered possible or desirable to formulate these views they might be embodied in a memorandum to be presented to Lord Addison or to Malcolm Macdonald with extensive oral gloss.

J. W. H[OLMES]

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[23]Voir Grande-Bretagne/See Great Britain, *Debates*, Fifth Series, Volume 400, Columns 762-3, 1038-41, 1046-7.

## PARTIE 2/PART 2
## RENCONTRE DES PREMIERS MINISTRES, 1944
## PRIME MINISTERS' MEETING, 1944

**756.** DEA/62s

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM Circular D. 122 London, January 25, 1944

IMMEDIATE. SECRET. Following personal for the Prime Minister, Begins: My telegram of January 21st, Circular D. 105.[1]

Question of position of Prime Minister of Southern Rhodesia in relation to proposed meeting of Prime Ministers needs to be settled. Sir G. Huggins has for some time had a standing invitation from us to visit England for discussion of Southern Rhodesia questions and has indicated that he would be in a position to accept it this summer. We would propose to ask him to be in England during the Prime Ministers meeting. In that case he would not in view of the status of Southern Rhodesia be invited to take part in the meetings as a whole but he would be available to attend on occasions when matters of special concern to Southern Rhodesia were under discussion. May I take it that this arrangement would be agreeable to you. The Indian representatives to the War Cabinet will be in London and would similarly be available to attend meetings when matters of special interest to India are discussed. Ends.

**757.** DEA/62s

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 13 Ottawa, February 2, 1944

IMMEDIATE. SECRET. Following personal for the Prime Minister.[24] Begins: Your telegram Circular D. 122 of January 25th. As I understand it, the meeting of Prime Ministers is a special gathering of the Prime Ministers of the United Kingdom and the other nations of the Commonwealth (excluding Ireland). While I agree that if questions are discussed which are of particular interest to Southern Rhodesia or India there would be no objection to an invitation being given by the five Prime Ministers for Sir G. Huggins or an

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[24]Le télégramme a été envoyé aussi aux premiers ministres d'Australie, de la Nouvelle-Zélande, et de l'Afrique du Sud.
The telegram was repeated to Prime Ministers of Australia, New Zealand and South Africa.

Indian representative to attend, I think that we should maintain a sharp distinction between the character of this meeting and a regular Imperial Conference. For this reason I think it would be inadvisable that any public statement concerning the meeting should mention the possible participation of the Prime Minister of Southern Rhodesia or an Indian representative.

I hope that you will be able to let me have, as soon as convenient, your ideas on the agenda of the meeting so that the necessary preparatory work may be put in train. Ends.

**758.** DEA/62s

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 8 London, February 5, 1944

IMPORTANT. SECRET AND PERSONAL. Your telegram of February 2nd, No. 13. Following personal for the Prime Minister from the Prime Minister, Begins: I agree with you that the intention has been and remains to have a personal exchange of views between the five Prime Ministers and not an Imperial Conference of the usual type with full delegations and formal organisation. But you will recognise the difficulty of excluding India and Southern Rhodesia from discussion of questions specially affecting them. Huggins, who has for some time had a standing invitation to come to London to discuss questions affecting Southern Rhodesia, would almost certainly wish to take this opportunity of doing so. I am glad, therefore, that you see no objection to proposals in Secretary of State's telegram, Circular D. 122. So far as publicity is concerned, I see no possibility of our being able to avoid all public reference to the position of India and Southern Rhodesia in relation to the meeting. We are likely to be questioned in Parliament here. Moreover, the presence of Sir Godfrey Huggins in London at the time of the Conference is bound to become known both in Southern Rhodesia and in this country. Form of announcement would make clear the differences in function and status between the Dominion Prime Ministers and other representatives. Ends.

**759.** DEA/62s

*Mémorandum du Premier ministre*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Prime Minister*
*to Under-Secretary of State for External Affairs*

[Ottawa,] February 2, 1944

I think this is a very wise communication; also that we should wait for the answer before sending any word ourselves.

[PIÈCE JOINTE/ENCLOSURE]

*Le Premier ministre de l'Afrique du Sud*
*au secrétaire d'Etat aux Affaires extérieures*

*Prime Minister of South Africa*
*to Secretary of State for External Affairs*

TELEGRAM 1 Capetown, February 23, 1944

Addressed to Union High Commissioner, London No. 156, repeated to Ottawa, No. 1, Canberra No. 16, Wellington No. 5. Following from the Prime Minister for the Secretary of State, Begins: Your telegram, Circular D. 243.[1] Union Government are deeply grateful for United Kingdom Government's offer of hospitality to myself and members of my party. With regard to list of party two questions arise. In first place what are matters to be discussed, as size of party must depend on them? In second place what will be scope and nature and level of consultations at this meeting? Prime Minister has already emphasized that it will not be ordinary Imperial Conference. Will meeting be more in nature of general exchange of views on war and immediate post-war situation without attempting to formulate recommendations on particular problems such as has been customary at Imperial Conferences? In that case it will not be necessary for me to bring more than a few personal attendants. But if recommendations have to be reached on economic, financial, aviation and such like subjects, Dominion experts on these matters may have to be included in party. I would suggest that scope and nature of this Conference be clarified for guidance of Prime Ministers on the point of the colleagues or parties to accompany them. Ends.

**760.** DEA/62s

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 334 London, March 5, 1944

IMPORTANT. MOST SECRET AND PERSONAL. My telegram Circular D. 317.[1] Following for the Prime Minister, Begins: Our suggestions for agenda for the forthcoming meeting of Prime Ministers are contained in my immediately following telegram.[1] We should welcome your views on these suggestions and should be glad to have any suggestions which you yourself would like to make for inclusion.

As explained in my telegram Circular D. 317, it seems to us that the most practical way of dealing with the limited time available will be to concentrate on the wider issues of policy. We have, however, indicated in order to make these clear, some of the points which we think may arise. Ends.

**761.** W.L.M.K./Vol. 369

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] March 18, 1944

Heeney, Wrong and myself have given some consideration to the agenda for the meeting of the Prime Ministers which was suggested in telegram D. 335 of March 5th from London. I attach, for your consideration, a draft telegram of comments.†

There follow additional comments of our own on each of the items proposed from London:

1. *"The Immediate Military Situation"* — This is likely to begin with a review of the war from Mr. Churchill, possibly supported by the Chiefs of Staff. If the matter is not settled by that time, there will be an opportunity for discussing the questions concerning the command of the Canadian forces and the position of the Joint Staff Mission in London with Mr. Churchill. It would be desirable for these questions to be considered chiefly as a matter between the U.K. and Canada and to be discussed outside the Prime Ministers' Conference. The U.K. sometimes tend to regard such questions as necessarily affecting the position of "the Dominions" collectively, and this is often misleading and unrealistic.

2. *"Questions Arising from the Conduct of the War Against Japan Including the Provision of Forces from the British Commonwealth for that Purpose and for the Policing of Europe after the Defeat of Germany"* — There are certain questions which might come under this general heading that seem to deserve discussion although they should probably not be mentioned in the agenda. The problem of command and Canadian participation in planning already mentioned is one of these questions. Our position as developed in the memorandum on air policy given to Capt. H. Balfour[25] is another. Others relate to the position of China and the assistance which it is desirable to give China from the military point of view and to the position of India. If India is discussed the appointment of an Australian High Commissioner there may well be brought up by Mr. Curtin, and the question of sending a Canadian High Commissioner in the near future may well come to the front again. With respect to the policing of Europe, certain suggestions on Canadian participation have already been submitted to the War Committee by the Advisory Committee on Post-Hostilities Problems,[26] and it will be possible to prepare some papers for your use on the general plans and our relationship thereto.

It is proposed in the draft telegram that an item might be added to the agenda after this point dealing with the Inter-Allied machinery of control after

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[25]Voir le volume 10, pièce jointe, document 296./See Volume 10, enclosure, Document 296.
[26]Volume 10, document 709./Volume 10, Document 709.

the defeat of Germany and the methods for ending hostilities and establishing a definitive peace settlement. It seems important that these matters should be discussed between the Prime Ministers. Australia and New Zealand have publicly demanded full representation on all armistice planning and executive bodies. We have reserved our position, but have indicated that we would probably require direct representation on any United Nations Commission for Europe if we are to continue to contribute to relief and occupation. The question also arises of the transformation of certain specific agencies such as the Combined Boards into more genuine United Nations agencies. Since Canada is represented on two of these Boards, it would be better if pressure arose from other Commonwealth Governments. It may well turn out that problems concerning the relationship of the Big Three to smaller countries will become most acute during the transitional period from war to peace, and that we shall have to face awkward questions, both as a secondary power and as a member of the Commonwealth, on our relations to the great powers in general and to the United Kingdom in particular.

3. *"The post-war settlement viz*

(a) *Political aspect including nature of post-war world organization future of Germany, Italy and the Italian colonies, France and French Colonial Empire.*

(b) *Defence aspect including world security and international use of bases.*

(c) *Regional arrangements with special reference to policy in the Pacific."*

— Under 3 (a) it is curious that they mention the future of Germany, Italy and France but omit Japan. It seems very desirable that there should also be discussion of long term relations with the Soviet Union and China and that some special consideration should be given to the relations between Commonwealth countries and the United States. Item 3 (a) indeed is the most important item in the whole agenda as it presumably takes in the form of the future substitute for the League of Nations involving discussion of the representation and authority to be given to large states and secondary and minor countries. As there seems now to be little prospect that any important country will favour the use of the League covenant in an amended form as the basis for the new world organization, consideration should also be given to the methods whereby the obligations of Commonwealth countries toward the League are to be terminated. In connection both with this item and item 3 (b), it is desirable that you should be in a position to express views on the relative advantages to Canada of regional or universal systems of security and defence. A study of this question should, therefore, have proceeded to some tentative conclusions before the meeting takes place.

Item 3 (b) also deals with very difficult and important questions. The question of the international use of bases cannot be separated from the question of the international regulation of civil aviation and the addition of this as a separate item in this paragraph is proposed in the draft telegram. We have some information on what the planners in the United Kingdom are thinking about the organization of world security forces, and this can be put into a form convenient for your use in London. It is by no means unlikely that there will be

a direct clash on this point between the views of the Big Three (possibly with the idea of including the British Commonwealth as one of the Big Three) and the advocates of a general security system supported by all member states.

Item 3 (c) appears to relate particularly to regional arrangements of the type proposed in the Agreement between Australia and New Zealand[27] with respect both to regional defence and to colonial development. We are not likely to have any special contribution to make to the colonial question. If regional defence zones are to be considered, you should be in a position to take a line on the nature of post-war defence arrangements with the United States which we regard in Canada as desirable.

4. *"Questions affecting co-operation within the British Commonwealth after the war such as defence, transport and migration."* — It is interesting to notice that the question of methods of consultation within the Commonwealth have been omitted.[28] It was explained to Mr. Hudd in London that this was done because they felt that the Australian Government would raise this matter. Mr. Curtin has not, however, requested its insertion in the agenda. There is no direct mention of economic or constitutional questions, and this is probably not an appropriate occasion for considering either of these subjects.

In the draft telegram an enquiry is suggested on the contemplated organization of the meetings and the provision of secretariat. We have learned from Mr. Hudd that they do not propose to establish committees to deal with different subjects. There is, I think, a good deal to be said for our having a joint secretariat so that a competent Canadian official[29] will be associated with the work of making a record of the proceedings and of making arrangements in connection with the meetings. While our information is not complete it seems that none of the Prime Ministers proposes to take any colleagues with him to London and that each will be accompanied only by a few officials from his own capital or from his London office.

N. A. R[OBERTSON]

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[27]Voir Grande-Bretagne,/See Great Britain,
*British and Foreign State Papers*, Volume 145, 1943-1945. London, Her Majesty's Stationery Office, 1953, pp. 530-9.

[28]Notes marginale:/Marginal notes:
Quite right to omit.
They have learned a lesson from Halifax's speech.

[29]Note marginale:/Marginal note:
who?

**762.** DEA/62s

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 52 Ottawa, 28 March 1944

MOST SECRET AND PERSONAL. Following from the Prime Minister. Begins: The list of topics suggested in your telegram D. 335 for discussion at the forthcoming meeting of Prime Ministers is quite acceptable to me. Ends.

**763.** DEA/62s

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1056 Ottawa, May 5, 1944

TOP SECRET. Following from the Prime Minister for Colonel Ralston, Begins: Conclusion of meetings arranged for first week of Prime Ministers' meeting gives me an opportunity for an interim report to you and our colleagues. First three meetings were devoted to a review of the general military situation in Europe and the Far East. General Stuart and Air Marshal Breadner were present. Mr. Churchill's exposition of the strategic situation was supported by reports from the United Kingdom Chiefs of Staff, and General Blamey[30] reported on the developments of the New Guinea campaign. Discussion of operations in the European theatre was confined to exposition of lines of major operations planned for early execution on both northern and Italian fronts and to be synchronised with resumed offensives in the East. Pending their outcome it was difficult to forecast the development of the war in Europe.

Exploration of an enlarged Commonwealth participation in the war against Japan was rather sketchy. Apart from the Burma campaign, from which favourable developments are still expected, and from the current concentration of naval strength in Indian waters, there is not as yet a definite plan for further Commonwealth action in this theatre. We received the general impression that natural preoccupation with OVERLORD and related operations has thus far postponed any close consideration of alternative ways in which Commonwealth resources could be most effectively used in the war against Japan after the European war had been won. In the circumstances there was no occasion for discussion of the character or composition of Canadian forces which might be made available for use against Japan. Ends.

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[30]General Sir Thomas Blamey, commandant en chef/Commander-in-Chief, Allied Land Forces, South-West Pacific Region.

**764.** W.L.M.K./Vol. 322

*Extrait du procès-verbal d'une réunion des premiers ministres*
*Extract from Minutes of Meeting of Prime Ministers*

TOP SECRET [London,] May 5, 1944

P.M.M. (44) 7th Meeting

CONFIDENTIAL ANNEX

Review of Foreign Affairs.

MACKENZIE KING said he wished to express his appreciation of the clear and comprehensive statement which had been made by Mr. Eden — a statement that was helpful in every way. He would like to repeat what he had said at the close of yesterday's Meeting — that he was convinced of the soundness of the principles which the British Government had adopted in foreign policy. It was essential in present conditions to bear in mind that we had to deal not merely with wars between nations but that in most countries there was a clash of interests between classes — that we were in a social revolution as well as a world war. It was important to keep our eyes on both those aspects of the problem and on the changes and developments in relation to them. He greatly appreciated the extent to which the Government of Canada had been kept informed on these great questions. So close indeed had the liaison been and so full the information, that practically all of what Mr. Eden had told this Meeting yesterday, they already knew in essentials. He had personally at times marvelled at the extent to which the Dominions had been kept informed and at the rapidity with which that information had reached them. There had inevitably been a few cases where they would have liked rather fuller information, but he had no complaint to make about the extent to which the Canadian Government had been kept in touch. The present range of correspondence was working out splendidly. It had developed, he thought, beyond the ken of most of those not immediately concerned with government. There was now direct correspondence with the Prime Minister of the United Kingdom, in addition to correspondence with the Dominions Office, on a growing scale. The result was to place the Dominions in possession of much information. In the event of it proving inadequate, it placed them in a position to telegraph and to get an immediate reply from His Majesty's Government in the United Kingdom. He wished to add that, quite apart from the importance of this prompt and full service of information, it had the value of being in textual form. The result was that on the one hand there was no room for misunderstanding of what was passing on either side and, on the other, it put the Dominion Prime Minister in a position to discuss authoritatively with his colleagues and to reach a collective decision that was a Cabinet decision and in his own country. That was a great advantage in relation to the people of one's own country. There was not a Canadian decision over the war that had not been made by the Government of Canada in Canada, and that was an added

source of confidence. It was always necessary to reckon with the misunderstandings that might arise in the public mind where it was not possible to take Parliament into full confidence. At the end of the war, he hoped himself to say publicly that all major decisions respecting Canada's part in the war had been taken by the Government of Canada, in Canada.

Another very definite advantage in this connection was the presence in Canada of High Commissioners and other representatives from Great Britain and from each Dominion. Mr. Malcolm Macdonald had been a most efficient representative of His Majesty's Government in the United Kingdom. He had been as helpful there as Mr. Massey had, he knew, been helpful here. And the presence of Canadian Ministers and Ambassadors in a number of capitals, more particularly in those of the United States, Russia and China, had been of great service. Those representatives of the Canadian Government had been able to send their Government reports prepared from the point of view of what was likely to be of interest to the Dominion of the play of forces in the capitals in which they were. And the fact that they were in touch in those capitals with the British and Dominion representatives gave an additional sense of security to their Governments, and an additional feeling of confidence that they had the whole picture before them and were able to balance the conflicting considerations. The difficulty at the moment was to find the right men to represent Canada abroad. That was a situation that could not be met until the war was over, and some of those who had taken part in it had returned. He desired to repeat that he had nothing whatever to complain of as regards the fullness of the information which had been received from His Majesty's Government in the United Kingdom, or the adequacy of the opportunity given to consider it with his Cabinet colleagues.

MR. MACKENZIE KING continued that it would perhaps be presumptuous for him to talk in detail of the European situation. Canada was concerned essentially, like the United Kingdom, to ensure that no possible action should be spared to avoid a further war.

He had been very glad to hear Mr. Eden say that there were no secret understandings. That was of itself a most valuable help to dissipating any suspicions there might be, and of first-class importance in discussions or dealings with foreign countries.

As regards specific problems which had been touched on in Mr. Eden's statement, he would in the first place like to refer to the Polish question. Canada had a substantial population of Poles and Ukrainians. The very fact of that large element with European continental origins gave Canada a special interest in general international problems in Europe. In matters such as regional groupings, boundary disputes, dynastic successions or the form of government in a particular country, they might not be so primarily concerned. In revising Polish boundaries there might arise a serious problem of moving from certain areas substantial elements of population into other areas, possibly into more restricted areas. The seeds of future trouble might arise in that connection, and the various aspects of that problem would call for careful

consideration. What was of real significance in all these affairs was that policy should be along the line of removing the possibility of further strife.

*Russia.*

As regards Russia, a Russian Mission had recently been established in Ottawa. The Dominion Government has been at pains to give every possible opportunity to establish and develop contacts with the Head of that Mission and with his staff, and to make him feel that Canada was anxious that Russia should feel that in Canada she had a good friend, and that there was the fullest possible goodwill in Canada towards Russia. He might comment in that connection that the response of the people of the Dominion to appeals for aid to Russia had been so large as to be almost embarrassing, and to make it necessary to institute an arrangement under which appeals for assistance to the Allies and countries overseas should be gathered together into a single organisation. That generosity of response showed the real sympathy for Russia of the Canadian people, who were impressed by what Russia had done, and by the magnitude of the sacrifices that she had made. Her sympathy with Russia was indeed very strong. He thought and hoped very strongly that the Russia that was now coming into being might, as Mr. Churchill had suggested yesterday, attach more importance than in the past to national advance, and that there would be less risk of her being concerned in fomenting or supporting difficulties or differences in other countries.

At the same time, while Russia and the British Empire were Allies to-day, no one could say how the future would shape or what changes might follow when the war was over in relations between Russia and other countries. He could not himself forget the immense pains which Canada and the Empire had taken with Japan and Germany before the war to make those countries feel that we were anxious only for the best and happiest of relations with them, and for the development of international friendliness. He had himself visited Germany, and he had been at pains then to reassure the political leaders in that country on that point, though he had warned them at the same time that if war did come, they could be certain that Canada would be solid, depending, of course, on the cause of the war, with the rest of the Empire, and that if war came as the result of unprovoked aggression by Germany or Japan, there was nothing that would hold her back. In the case of Japan, the Canadian Government had indeed been positively embarrassed by the criticisms which it had had to face from the Opposition in Parliament of its policy in allowing supplies of metal to go to Japan, though that policy was, in fact, one which was guided by advice from the United Kingdom, and which the Dominion had readily adopted in the light of that advice. That instance was a good example of the anxiety which the Canadian Government had shown to keep in line with the attitude of His Majesty's Government in the United Kingdom and to make the Japanese feel that Canada would take no antagonistic step.

Yet, despite all that had been done, the war had broken out, and Germany and Japan had followed the line that they had. He felt that it was essential, in the light of this experience, that we should be extremely circumspect over the future. We must do our utmost to maintain and develop friendly relations. But

we could not wisely overlook the risk of a change in the attitude of individual countries. In the case of Russia, he trusted that we would view with great circumspection all that came from that source, though he was sure that the policy to which we were all working, of sparing no effort to develop a policy of inclusion rather than of exclusion, and to promote world peace by world co-operation, was the right one. It was possibly of some significance that while the Soviet Legation had been scrupulously careful in avoiding all relations with the Communists, a Communist had been returned to the Canadian House of Commons in the last bye-election in Montreal City. It was impossible to say that a Communist under-current might not exist in certain quarters, and though everything possible might be done to circumscribe that influence, and though we might feel that it was being circumscribed, it was there, and its existence could not be overlooked. Communism existed and would have to be watched. Watched to see that it did not grow, and to make sure that Communist sporadic activities, scattered as they might be, were not in fact all part of the general policy of some world organisation.

*France.*

He had been very glad to hear Mr. Eden's recent statement regarding the recognition and the authority of the French Committee of National Liberation,[31] and he was very happy that Mr. Hull had made the statement in this connection that he had.[32] Canada had, after all, a very substantial French element in her population. The feeling of that element towards continental France might not be quite the same as the feeling of that part of the Canadian population which were of British stock towards the British Isles. But it would never be overlooked that Canada could not be governed as a united country if that problem was not given its full weight. He thought that there was a risk that, when certain questions were under consideration, it might not always be appreciated that Canada contained a minority of French descent and predominantly Roman Catholic in religion, and a majority of English-speaking peoples predominantly Protestant. The importance of the problem which that presented could be tested by an issue such as conscription. The French element in the population was apt to be less well placed in military matters than the English-speaking element. Up to the present there had not been the shipping available to carry the numbers of men who had volunteered for service in any part of the world or the munitions that were available for transport. He had no doubt whatever that the consistent policy of the Canadian Government that there should be a united Canada was a policy which had worked in the best interests of the United Commonwealth. Given this background, he had been very glad to hear Mr. Churchill say yesterday that His Majesty's Government in the United Kingdom recognised the need for a strong France and were determined to do all they could to bring that about. That was a statement that

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[31]Le 23 février 1944, Grande-Bretagne,/February 23, 1944, Great Britain, House of Commons, *Debates*, Fifth Series, Volume 397, Columns 932-33.

[32]Le 9 avril 1944, États-Unis,/April 9, 1944, United States, *Department of State Bulletin*, Volume 10, April 15, 1944, p. 337.

would please the people of Canada, and the Canadian Government would do all they could to make their contribution to the achievement of that ideal.

*China.*

In considering the question of China, he thought we ought not to overlook, and he was speaking here especially of opinion in the United States, that years ago, when the Anglo-Japanese Alliance was in being, there had been a disposition in certain quarters in the United States to feel that the United Kingdom had lined up with the Japanese; and the existence of that Alliance had, he felt, been for years a factor in making opinion in the United States concerned to develop, still further than might otherwise have been the case, relations with China. The people of Canada were inevitably to some extent influenced by United States opinion, and in their relations with China and with other countries they had to keep in mind the relations of those countries with, and the attitude towards them of, the United States. Policy in Canada did not necessarily follow United States policy. But it was obvious that the Government of Canada could not wisely overlook that Canadian opinion was inevitably materially influenced in certain respects by opinion in the United States. That process was not one-sided. He had little doubt that valuable influence was exercised on opinion in the United States by opinion in Canada, which could sometimes interpret the opinion of Great Britain. But the closeness of Canadian relations with the United States must mean that the Canadian Government had at all times to keep in mind its relations with its immediate neighbour. In the same way, just as, in London it was natural that developments on the continent of Europe should be of immediate significance to His Majesty's Government in the United Kingdom, so in Canada the reactions and attitude of their immediate neighbour had to be borne in mind. That was all the more so now that the world, thanks to the development of air power, was so continually contracting. Russia was very close geographically to Canada, and it should not be overlooked that the United States route to the Orient, whether for military or for peaceful purposes, was along a chain of airfields used alike by the United States and by Canada. The United States' possession of Alaska and Canadian possession of the Yukon, all helped to knit these countries together in the problems they had to consider, and Canada could not therefore, in decisions that she took, wisely fail to take into account her relations with these neighbouring countries.

The contraction of the world brought Canada also into immediate relations with the problems of Australia and New Zealand in the Pacific. Canada realised full well that she was a Pacific Power on the West, as she was an Atlantic Power to the East. Canada intended to do her full part in the Pacific struggle. In what way could be worked out later. She was determined to see the war to a finish not in Europe alone but in the Orient; to fight to the finish; and, throughout, to see her relations with her sister Dominions kept as close as they possibly could be. He might summarise the Canadian outlook as being one of general goodwill towards all like-minded countries, and of anxiety to have continuous close and friendly relations with them, and to aim at inclusive

rather than exclusive policies and the achievement of as wide a measure of co-operation as it was possible to have.[33]

. . .

**765.** DEA/62s

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1130 London, May 15, 1944

MOST IMMEDIATE. MOST SECRET. Following for Ralston from the Prime Minister, Begins: Meetings of Prime Ministers are expected to conclude tomorrow morning with formal session from which a brief statement will be issued under the signatures of the participating Prime Ministers. I shall cable you the text of this statement after it has been agreed at this afternoon's meeting, and will advise you about the arrangements for its release[34].

I am planning to visit Army and Air Force units during the remaining days of this week and hope to be back in Ottawa by the end of the week.

The meetings generally have been useful and non-controversial. No specific proposals have been put forward for modification of present machinery of procedures of Commonwealth consultation. Preliminary discussion of proposals for world security organisation have, I believe, been valuable and have helped to make clear the impracticability of taking the Commonwealth as a unit with a single foreign policy. Discussions on questions of international, economic and monetary policy were muddled and quite inconclusive. Discussion on civil aviation, shipping, migration were brief and ended in each case with recognition that the Government should continue to explore possibilities of joint action where desirable through usual channels.

I should like to add my most sincere congratulations on the magnificent response of the Canadian people to the Victory Loan. Ends.

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[33]Pour la participation du Premier ministre aux réunions subséquentes, voir les document 52, 365, 366, 767, 778.
For the Prime Minister's contributions to subsequent meetings, see Documents 52, 365, 366, 767, 778.

[34]La déclaration fut l'objet d'un communiqué de presse le 17 mai.
A press release containing the statement was issued on May 17.

## PARTIE 3/PART 3
## IMMIGRATION

766. DEA/5418-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

TELEGRAM 766 Ottawa, April 28, 1944

SECRET. Following for the Prime Minister from Heeney and Wrong, Begins: War Committee considered on April 26th postwar migration policy and decided that they could not go beyond decisions of April 12th, when it was agreed:

(1) to treat dependents of Canadian servicemen overseas as Canadian nationals; and

(2) to admit United Kingdom service personnel married to Canadian nationals with immigrant status if reciprocal treatment were accorded by United Kingdom to Canadians.

As to (1), it was agreed that if practicable medical certificate showing results of a recent physical examination should be required before document of identity was issued overseas certifying holder to be a dependent of Canadian serviceman. This was proposed solely on grounds of public health, so that public health authorities in Canada would secure notice of arrival of dependents with communicable diseases. Admission would not be refused on medical grounds.

It was decided to inform you that War Committee was not disposed to have Canada agree, at present, to participation in any cooperative scheme for assisted immigration within the Commonwealth or to granting preferential treatment to United Kingdom servicemen, even those who were serving or had served in Canada (apart from any with Canadian wives). The main ground for refusing any preference to United Kingdom personnel with Canadian service was that special treatment for this group would lead to demands for concession to them of Canadian scale of pensions and demobilization benefits. It was felt, therefore, that they would have to take their chance of securing entry as immigrants in the normal manner so that there would be no basis for a claim that the Canadian Government had specially encouraged them to establish themselves here and were therefore under a special obligation to them. Ends.

**767.** W.L.M.K./Vol. 322

*Extrait du procès-verbal d'une réunion des premiers ministres*
*Extract from Minutes of Meeting of Prime Ministers*

TOP SECRET [London,] May 12, 1944

P.M.M. (44) 13th Meeting

CONFIDENTIAL ANNEX

1. *Post-War Employment Plans.*

. . .

MR. MACKENZIE KING thanked Mr. Bevin for his extremely interesting account of the plans, which had obviously been prepared with such care and forethought. He said that the Canadian Government, whose officials had been in close touch with the United Kingdom authorities, were working on parallel lines and had reached very much the same conclusions. As regards the possibility to which Mr. Bevin had referred of the settlement in the Dominions of demobilised United Kingdom personnel, he feared that public opinion in Canada, at any rate, would be difficult to convince. Until men demobilised from Canadian forces had all been re-established in civilian employment, the arrival in the country of immigrants on any large scale might be misunderstood.

. . .

2. *Migration.*

MR. ATTLEE invited Lord Cranborne to make a statement regarding migration.

LORD CRANBORNE said that Mr. Bevin's statement about the United Kingdom Government's demobilisation plans had covered the whole field of transference of the people of the United Kingdom back from war to peace. Mr. Bevin had also touched on one particular aspect of special interest to the Dominions — namely, the settlement in the Dominions of demobilised members of the United Kingdom Forces. Lord Cranborne said he wished to speak about the problems of migration rather more generally. After the vast issues with which the meeting had been dealing during the week, this subject might appear a somewhat limited topic. But he believed that it was important that discussion of it should take place and that some progress should, if possible, be made during the present series of meetings. It appeared to him that we were faced with a new situation and new possibilities in this sphere. The prospects of migration from this country to the Dominions had gradually deteriorated in the last fifty years. It was the fashion now to say that the impulse to migrate was generally of romantic origin and sprang from a spirit of adventure. That may have been true in a few cases, but he believed that as a general proposition it was untrue. The main motives which had led men to migrate were poor conditions at home, the pinch of extreme poverty in the days when there was no machinery for its alleviation, and the wide difference

between the opportunities that offered at home and in the newer countries of the world. But gradually this incentive had become less so far as this country was concerned. Standards of wages had been raised, social services improved, the risks of life reduced. As a result, the great majority of people in this country, who were conservative by nature, if not in politics, tended more and more to prefer to stay at home and not run the risks of starting entirely afresh. It had looked as if the great period of inter-Commonwealth migration was over. But it so happened that in the last four years a new state of circumstances had arisen favourable to the stimulation of migration. As a result of the war, a large number of people had been uprooted from their homes, the continuity of their lives had been broken and their minds were receptive to the possibilities of establishing themselves elsewhere. Considerable numbers of young people, in the course of their training or on their way to or from the various theatres of war, had passed through one or other of the Dominions and liked what they saw there very much. The minds of these young people were turning to the possibility of making their lives in these pleasant places. He had had evidence of this from many sources. In a recent letter to him, Lord Moyne[35] had stressed the widespread interest of the troops in the Middle East in the possibilities of migration to the Dominions and there was an urgent demand for information on this subject. But this was a temporary phase as a result of the unsettling effects of war. As soon as these people had returned to this country, settled down and taken up jobs — and there would be plenty of opportunities for employment — they would lose the desire to move. The opportunity of establishing them overseas, if lost, might not recur. He did not know whether the Dominions wanted migrants from the United Kingdom. The matter was one entirely for them, but, if they did, he would suggest they should strike now while the iron was hot. The two years after the cessation of hostilities would be the psychological moment. After that the possibilities of obtaining migrants would not be so good. The United Kingdom authorities were at present deluged with enquiries, both in Parliament and outside, about the Government policy towards migration, and had been unable to give any information. Over a year ago, he had sent a despatch to Dominion Governments giving the main headings of the problem and seeking their views.[36] So far, no definite indication of the Dominion Governments' views had been received. He did not complain about this, as the Dominion Governments were faced with the same demobilisation problems as the United Kingdom. Moreover, they were no doubt uncertain about the post-war economic situation and the prospects of employment in their own countries. But he felt that it was urgently necessary to look, if not at the long-term arrangements, at least at the immediate problem arising on demobilisation and decide where we stood. Clearly, the question required considerable preliminary study. Migration imposed a double obligation, on the country which sent the migrant and on the country which received the migrant. There must be some assurance, before the individual set out, that he would find suitable employment when he arrived. Any serious

[35]Ministre du cabinet résidant au Caire./Cabinet Minister resident in Cairo.
[36]Voir le volume 9, document 858./See Volume 9, Document 858.

failure to do so would prejudice the flow of future migrants and cause distress and friction on both sides.

This raised the question what type of men and women were required; did the Dominions want industrial or agricultural types or both? Another problem of considerable importance was the bearing of migration on social security arrangements. The important point was to avoid a gap without security while the individual transferred from one scheme to another. The United Kingdom authorities were already looking into this matter for their part, but it was essentially one for joint expert examination. He understood that Mr. Bevin, who had long experience of this type of problem, thought it not insoluble. He did not wish to suggest that the Prime Ministers should tackle such questions in detail at the present series of meetings, but he would like, if possible, to make some progress on the subject. He would suggest, with all diffidence, that the Prime Ministers might agree that further discussions should take place on the official level as soon as they could conveniently be arranged, with the object of formulating practicable arrangements, on the understanding that these arrangements were for the consideration of Governments and that no Government was thereby committed. As he had said, this question was one even more for Dominion Governments than for the United Kingdom. If these young people did not leave this country the United Kingdom authorities would not be broken-hearted. The birth-rate in the United Kingdom was falling and it was arguable that we could not afford to lose good young men and women in any large numbers. But if they wanted to go and the Dominions were ready to take them, he felt that it would surely be wrong to discourage them. Moreover, the interchange of British blood between one part of the Commonwealth and another must tend to strengthen the whole and to multiply the links that bound it together. It was in that spirit that he raised the subject and he would be very glad to hear the views of the Prime Ministers, particularly on the question what answer could be given to enquiries from the public in the United Kingdom in the near future.

MR. BEVIN said that in the past unemployment had made present in everyone's mind the necessity of finding a solution by creating employment or seeking it elsewhere. That had been an incentive to migration. But, if plans for full employment in the United Kingdom in the post-war period were successful, that incentive would vanish. A new factor which, in his opinion, had arisen was defence, a subject so very present in our minds at present. The character of war had changed and new weapons and training methods called for greater facilities than could be provided in the United Kingdom and he had been revolving in his mind the possibility of training British forces overseas in areas where there were not the same limitations of space. He felt that such a plan would assuredly stimulate migration, bind closer the links between the United Kingdom and the Dominions and do much to promote the common understanding and knowledge of one another's problems. Upon completion of a training period or period of service in a Dominion, a young soldier might be allowed to settle there permanently, whilst remaining on the United Kingdom reserve or joining a Dominion reserve. Under such a scheme the British

Commonwealth would be assured of a trained reserve of men in each of the countries which comprised it. Opportunity should also offer simultaneously for the development of industrial potential for defence purposes in the different parts of the Commonwealth, and provide an impetus to inter-Commonwealth trade. As regards social security contributions and benefits, he would suggest that the simplest possible solution should be sought. From his experience in the past, he thought that the most practicable arrangement would be for the United Kingdom to continue to bear a man on the United Kingdom scheme, to which he had contributed, for an agreed number of months, whereafter he could be transferred to the Dominion scheme. It should not be a serious deterrent that the benefits were not the same in each country.

MR. MACKENZIE KING thanked Lord Cranborne for his statement. He thought that one of the principal motives in the past for migration had been the hope of parents that they would secure better opportunities for their children in a new country, and that, in the case of migrants from countries on the continent of Europe, they would escape the perpetual threat of war. In the United Kingdom there had been perhaps, too, some desire to get away from a certain measure of class distinction. He realised that this no longer held good. Nowadays young people tended more and more to work out their own future for themselves. They were not afraid to take risks and he had no doubt that they would wish to migrate in large numbers if allowed entry into the Dominions. Speaking personally, he did not think there would be any restrictions imposed in Canada on the entry of migrants from British stock, if they were in a position to look after themselves and not become a charge upon public funds. But one of the main fears in people's minds was the recurrence of a post-war depression and unemployment. For this reason, despite Canada's need to populate her vast territories, he feared that it would be difficult to secure wholehearted public backing for immigration on a large scale in the immediate post-war period. Until local problems of re-establishment of demobilised personnel in industry had been solved, any large flow of migrants might cause friction. A minor point which he thought should be watched was the trouble which had arisen in the past from the activities of transportation companies who tended to encourage migration for the sake of their own immediate profits. He was entirely agreeable to the suggestion that the problems involved, including the question of Government-assisted migration generally, should be examined between officials on the understanding that no Government was thereby committed. As regards Mr. Bevin's suggestion, he doubted whether any scheme for migration which was designed primarily to achieve military purposes would be favourably received.

. . .

He had prepared a document setting out the position as regards his Government, which had not yet had an opportunity of making more than a very preliminary study of post-war economic and social problems. [This appears as Appendix I.]

An interesting point was that since the Dominion of Canada had been established in 1867, the number of emigrants from Canada to the United

States had approximately equalled the number of immigrants into Canada from elsewhere. The flow into the United States generally occurred during periods of depression, when people were attracted by the greater possibilities of trade in that country, which was probably the largest area of free trade in the world.

. . .

APPENDIX I.

*Migration.*

Note by Mr. Mackenzie King.

The Canadian Government has not yet been able to give any very serious consideration to questions of post-war immigration policy. We have only been able to spare very modest and limited staff for the preliminary study of post-war economic and social policy and in the list of questions which they have been asked to report immigration policy has not been given very high priority. In the circumstances, I cannot usefully attempt to forecast what the position of the Canadian Government will be with respect to immigration after the war.

The task of demobilisation of service personnel and their return to useful civilian employment will be a formidable one in every country and will be probably a slower process than we expect. There are 700,000 men and women in the armed forces of Canada and rather more in civilian war industries who will have to be absorbed again into the productive economy of the country. Plans for demobilisation of service personnel have been pretty well worked out and, I think, are familiar to the competent departments of the other Governments represented at this meeting, who are working on the same problems. On the civilian side, plans for industrial reconversion and transfer of employment are less fully worked out.

The speed and success of such plans for returning people from service and war industries to civilian employment will obviously have a great bearing on any Government's attitude towards immigration proposals during the transitional period after the war. Similarly, our attitude towards migration questions is bound to be influenced very greatly by the co-operation we can get from other countries in pursuing an expansionist economic and commercial policy after the war. If we can all work together toward the achievement of full employment and larger real incomes in the framework of a multilateral economic policy which will give larger export opportunities for our more efficient industries we can, I think, count on relaxation of the protective attitudes which incline some elements of our country to view with suspicion plans for encouraging the entry of new workers.

**768.** DEA/5418-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1059 London, July 25, 1944

CONFIDENTIAL. Following for the Prime Minister, Begins: My telegram of April 18th [19th], Circular D. 578,[1] post-war migration.

You will remember that in the course of discussion of this subject at the recent meeting of the Prime Ministers I gave a general indication of the attitude of the United Kingdom Government to the effect that, while from the purely United Kingdom point of view we were not anxious to lose good young men and women in any large numbers, we felt that in the general interests of the British Commonwealth it would be advantageous that there should be an interchange of population and that, therefore, for our part, we should not wish to discourage those who wished to leave this country to settle overseas. I said, however, that the question was one more for the Dominion Governments than for the United Kingdom and that any progress in the matter was dependent on whether they were prepared to co-operate with the United Kingdom in organised migration arrangements. I suggested, therefore, that it would be of value to all the Governments of the Commonwealth if discussions were to take place here on the official level between United Kingdom and Dominion representatives as soon as they could conveniently be arranged, with the object of formulating any practicable arrangements in regard to migration, including the difficult question of transferability of social security benefits. This suggestion was, of course, on the understanding that any schemes that might emerge from such discussions would be for the consideration of Governments and that no Governments would thereby be committed. I understood that it was the general view of the meeting that this suggestion should prove acceptable.

We should be glad to learn whether Dominion Governments are agreeable to official discussions on the lines proposed now being arranged. In that case, would you let me know who your representative would be and when he would be available. Date of discussions would, of course, depend on this.

As I said at the meeting of the Prime Ministers, the United Kingdom authorities are at present deluged with enquiries as to the prospects of migration with particular reference to position of ex-service personnel on demobilisation. From this point of view it would be very helpful to us if an early decision could be reached as regards the suggested discussions. Moreover, with the continued favourable progress of the war the need for an early decision as to the grant of special facilities to ex-service personnel on demobilisation may at any time become more urgent. Ends.

**769.** DEA/5418-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire au Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 189 Ottawa, September 30, 1944

My telegram No. 155 September 1st,[1] proposed discussions of post-war immigration.

Canadian Government is agreeable to official discussions on the lines proposed in your Circular D. 1059, July 25th, as soon as may be conveniently arranged. It is hoped to let you know shortly names of Canadian representatives.

As far as Canadian participation is concerned, the scope of the exploratory discussions will be set by the statement of our Prime Minister at the recent meeting in London. Within these limits the talks might cover the following points: —

a) the provision of reliable information to prospective emigrants, including warnings that it may be particularly difficult to establish themselves in Canada during the period of military demobilization and industrial reconversion and that immigrants, even if ex-service men, would not be eligible for the benefits extended to Canadian soldiers on demobilization;

b) the elimination of propaganda by interested parties;

c) facilities (short of financial assistance) with respect to:

i) securing transportation;

ii) converting sterling into Canadian dollars;

iii) transferring social security benefits;

iv) transferring of British demobilization benefits and their transformation into the form most likely to be of benefit to the recipients in Canada;

v) the consideration by the United Kingdom authorities of a plan to enable emigrants to Canada to encash in Canada compulsory savings vouchers and British War Savings Certificates as these fall due.

We should appreciate any information as to when it is expected that the meeting can be held.

**770.** DEA/5418-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1845 London, December 22, 1945

CONFIDENTIAL. My telegram July 25th. Post-war migration. We have considered position further in light of replies received from Dominion Governments to my telegram of July 25th and think that time has now come when it would be useful to convene the proposed meeting of officials.

We accordingly suggest that meeting should begin on Thursday, 1st February, and should be glad to learn whether that date would be convenient so far as your representatives are concerned.

We propose that Sir Patrick Duff, lately Deputy High Commissioner for the United Kingdom in Canada, should be the Chief United Kingdom representative, assisted by representatives of the Dominions Office and Ministry of Labour and National Service.

**771.** DEA/5418-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 222 London, December 22, 1944

My telegram of today, Circular D. 1845. Migration. We agree that the particular questions set out in your telegram No. 189 of September 30th should be considered at the proposed meeting. We should, however, prefer that scope of discussions should not be definitely limited to these particular items but should be wide enough to cover general discussion as to the prospects of migration from this country to the Dominions.

On the assumption that the proposed date is acceptable, should be glad to learn as soon as possible whom you will appoint to represent Canada.

**772.** DEA/5418-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] December 30, 1944

I am enclosing a note, prepared for your consideration, on the agenda of the meeting of officials to discuss migration questions, which the United Kingdom now proposes should be held in London on February 1st. (See Dominions Office telegrams Circular D. 1845 and No. 222 of December 22nd.) I am also attaching a draft reply to the United Kingdom[37], prepared on the assumption that the Government approves of Canadian participation on the basis suggested.

The meeting proposed would be exploratory, on the official level, and its consideration of migration questions would be within the limits laid down at the Prime Ministers' meetings in London in May last. Some of the questions which it is proposed the meeting should consider have a certain urgency, particularly those which would affect plans for the demobilization of Service personnel. There is, therefore, a certain case for having such a meeting at a fairly early date.

There are, however, undoubtedly some political implications to Canadian participation in such talks at this time. There would, of course, be another set of political implications to keep in mind if the other Commonwealth countries went ahead with talks on migration policy in which Canada did not take part. On balance, I would be inclined to suggest postponement of the meeting until say June. This might be justified by the retardation of the military timetable, which will undoubtedly postpone problems of demobilization and resumption of migration for a good many months to come.

If you think we should try to get the meeting put off, the best course might be to have a word with Malcolm MacDonald on the subject.

[N. A. ROBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum au Premier ministre*

*Memorandum for Prime Minister*

[Ottawa,] December 28, 1944

MIGRATION

In Circular D. 1845 of December 22nd the Dominions Office has proposed Thursday, February 1st, as the date for the commencement of discussions

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[37]Pour la réponse telle qu'envoyée, voir le document 773.
For the reply as sent, see Document 773.

between officials of the United Kingdom and the Dominions concerning post-war migration. This meeting of officials was agreed to in principle in London in May of this year and was definitely accepted by Canada in telegram No. 189 of September 30th. This telegram limited the scope of the exploratory discussions in accordance with the statement which you made in London in May and suggested some points of detail which should receive attention. A copy of this telegram is attached.[38]

In telegram No. 222 of December 22nd the Dominions Office has agreed that these points should be discussed but has asked that the discussions should not be definitely limited to these particular items but should be wide enough to cover general discussion as to the prospects of migration from the United Kingdom to the Dominions.

A valid distinction can be drawn between the questions incidental to the minor movement of population which is likely to accompany or follow immediately after demobilization and the prospects of migration on a larger scale over a considerable period of time. The topics suggested in our telegram of September 30th fall within the first of these two categories. They are points on which decisions must be made and action taken in order to meet the reasonable enquiries for information of persons fully qualified to enter under our existing law who may wish to move from the United Kingdom to Canada at the time of demobilization or shortly afterwards. There is a very strong case for a discussion of these points at the official level with a view to avoiding cases of individual hardship and a multiplicity of enquiries from people who are puzzled as to the action which they should take.

In addition to the topics mentioned in our telegram of September 30th, it should be possible to say something on the subject of the eligibility of immigrants from the United Kingdom for family allowances. This topic is closely allied with the transference of social security benefits. The Family Allowances Act of 1944, by its definition of "child", requires a residence of three years. It is suggested that what may be an appropriate safeguard against migration which is not of a bona fide character may operate harshly and against the interests of Canada in the case of migrants who have demonstrated their good faith by transferring their social service benefits from their country of origin to Canada. Without at any time becoming a public charge, these immigrants are likely to find that during the first three years of residence in Canada their employment is less regular and their incomes smaller than at any other time. This means that their children will be more likely than at any other time to be inadequately supplied with food, clothing and shelter. Yet these children are likely to be future citizens of Canada and the Canadian taxpayer has as much interest in seeing that they are properly nourished as in the case of any other children. If then it were possible, in connection with the proposals for the transfer of social security benefits, to indicate that Canada would consider amending the Family Allowances Act, it would be a gesture of cordiality and good-will in no way at variance with Canadian interests.

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[38]Voir le document 770./See Document 770.

The second type of question is very difficult to deal with at the present time. Rightly or wrongly there is still a widespread fear of mass unemployment and a widespread demand that returned soldiers should be assured of employment before any comprehensive immigration policy is considered. Even at an official level the question of post-war migration on a substantial scale could not usefully be considered without greater knowledge than we now possess of the reconstruction policies of the countries concerned and of their commercial policies. Without this knowledge it is impossible to predict with confidence the economic structure of the countries or their capacity to furnish employment.

A suggested reply on these lines to the Dominions Office telegram No. 222 is attached.

**773.** DEA/5418-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*[39]

*Secretary of State for External Affairs to Dominions Secretary*[39]

TELEGRAM 1 Ottawa, January 2, 1945

Your Circular D. 1845 and your telegram No. 222 of December 22nd, migration. In the view of the Canadian Government it would be most desirable to postpone the proposed meeting of officials until June. The particular questions set out in our telegram of September 30th were designed to include the points which require action or decision in order to deal with the migration which is likely to be incidental to settling down in the period immediately following the cessation of hostilities. The progress of the war has not been so rapid as to make it at all likely that there could be any movement of civilian population before that date and it is likely that by June we should be able to foresee more clearly than at present the conditions under which demobilization is likely to take place. In June we should be glad to discuss, with a view to action, any points additional to those mentioned in the telegram of September 30th which are incidental to the movement of civilian population in the period immediately following demobilization.

We are doubtful of the expediency of discussing in the near future the prospects of migration from the United Kingdom to the Dominions. This discussion would complicate the particular questions already mentioned which will become urgent at the close of the war. It would also raise issues which cannot be thoroughly discussed with a view to decisions without more knowledge of the general reconstruction policy in the United Kingdom and the Dominions, of the prospects of full employment being achieved and of the general trade policies designed to maintain full employment on the basis

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[39]Envoyé aussi au haut commissaire du Canada en Australie N° 1, en Nouvelle-Zélande N° 1, en Afrique du Sud N° 1.
Repeated to High Commissioner for Canada in Australia No. 1, in New Zealand No. 1, in South Africa No. 1.

consistent with the benefits of international specialization than is available at the present time. As long as fears of post-war unemployment have not been allayed, they are likely to lead to very restrictive decisions. It is felt, therefore, that there can be no possible disadvantage in postponing such a discussion until June, although it is doubtful if even then it can be successfully undertaken.

**774.** DEA/5418-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 7 London, January 9, 1945

IMPORTANT. Your telegram of 2nd January, No. 1, migration.

We appreciate the considerations which you urge in favour of postponing proposed official talks on migration. On the other hand, we are impressed very strongly by difficulties of postponing all consideration of this question. You will, we feel sure, understand the very strong feeling which exists in this country that some progress should be made before the end of the war, in order that service men and others may know where they stand.

It will be recalled that this question was first raised by us some two years ago when, by the time of the Prime Minister's meeting last May, it had been found impossible to reach definite conclusions by correspondence, we suggested that an exploratory meeting between officials might usefully help to clear some of the ground. We had not contemplated and certainly do not now that any prior announcement of such a meeting need be made, but had hoped that such talks would result in some definite statement of whatever nature, to be made in terms which would, of course, be agreed between the various Governments. This would place us in a stronger position in dealing with the undoubted criticism which we here shall meet in Parliament that no action has been taken by the United Kingdom Government in this matter. The other Governments have agreed to the proposed meeting next month, and we hope, therefore, that on reconsideration Canadian Government will also be prepared to be represented.

**775.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] January 17, 1945

. . .

*Commonwealth migration discussions*

6. THE PRIME MINISTER reported that it was now intended that a meeting be held in London in February with particular relation to postwar migration of ex-Servicemen within the Empire.

The U.K. High Commissioner had been informed that the Canadian government would be unable to take part. The officials who would represent Canada could not be spared from other urgent war tasks; the repatriation and re-establishment of Canadian ex-Servicemen and the re-establishment of large numbers of war workers would have to take priority. It would, therefore, be impossible for the government to give realistic consideration now to possible plans for the movement of other classes of persons.

Mr. MacDonald had been told that, at a later stage, Canada would be willing to consider the steps which should be taken to facilitate the movement of persons from one country to another and would be glad to enter into discussions with U.K. authorities, as early as the war situation might make this practicable and fruitful.

A message to this effect was being sent to the U.K. government, since it was desired that an early statement on the matter be made in the British House of Commons.

(External Affairs draft statement[1] delivered to the U.K. High Commissioner, Jan. 15, 1945.)

7. THE WAR COMMITTEE noted with approval the Prime Minister's report.

. . .

**776.** DEA/5418-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*
*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] July 13, 1945

POST-WAR IMMIGRATION POLICY

On April 26th, 1944, when the War Committee last considered post-war immigration policy, they decided that they could not then go beyond their earlier decisions: (1) to treat dependents of Canadian servicemen overseas as Canadian nationals; and (2) to admit United Kingdom service personnel

married to Canadian nationals with immigrant status if reciprocal treatment were accorded by the United Kingdom to Canadians.

In my memorandum of January 17th of this year', approved by War Committee and given to the United Kingdom High Commissioner, it was stated that the Canadian Government would "gladly enter into discussions with the United Kingdom authorities on these matters as early as the war situation may make this practicable and fruitful." It was then suggested that June would be a convenient time for these discussions.

As matters stand there is no likelihood of any movement of settlers from the United Kingdom or elsewhere for at least eighteen months or two years. The shipping situation in itself would prevent any such movement. Our offices in the United Kingdom are, however, bound to receive thousands, perhaps tens of thousands, of enquiries during the next months from persons 'thinking' about emigration as one of a dozen possible things to do after demobilization. I think it is important to have plain answers available for such enquirers — answers which would put people in possession of facts about travel difficulties, housing conditions, employment prospects in particular trades and areas, living costs, etc. With this object in mind I think it would be useful to have Angus, who will be in London next month for the UNRRA meeting, explore the position informally with the United Kingdom Departments which are always pressing us for information about immigration policy which we cannot supply.

Questions that might be looked into include:

(a) the provision of reliable information to prospective emigrants, including warnings that it may be particularly difficult to establish themselves in Canada during the period of military demobilization and industrial reconversion, and that immigrants, even if ex-service men, would not be eligible for the benefits extended to Canadian soldiers on demobilization;

(b) the elimination of propaganda by interested parties;

(c) facilities (short of financial assistance) with respect to:

i) securing transportation;

ii) converting sterling into Canadian dollars;

iii) transferring social security benefits;

iv) transferring of British demobilization benefits and their transformation into the form most likely to be of benefit to the recipients in Canada;

v) the consideration by the United Kingdom authorities of a plan to enable emigrants to Canada to encash in Canada compulsory savings vouchers and British War Savings Certificates as these fall due.

[N. A. ROBERTSON]

777. DEA/5418-40

*Mémorandum de l'adjoint spécial au sous-secrétaire d'État aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Special Assistant to Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[Ottawa]August 31, 1945

IMMIGRATION

1. While I was in London I had some conversations at the Dominions Office with Sir John Stephenson and a group of officials which he assembled. A record of the conversations[1] is being cleared with the officials concerned and will no doubt reach us in due course.

2. My first objective was to make it absolutely clear that we were not concerned with an immigration policy. We were considering some action which might be taken to make the path smooth for such migrants as were allowed to proceed in accordance with the policies of the two countries. These arrangements could, with advantage, be continued whether migration were encouraged or restricted. If it is wished to discourage immigration there are far better and more effective methods available than that of making the lot of the individual migrant hard.

3. The greatest difficulty confronting migrants at the present time concerns the transfer of funds. On this point a very satisfactory arrangement has, I believe, been made by the Foreign Exchange Control Board, but when I was in London this had not actually been put into operation by the banks.

4. A second important point concerns the position of the migrant under social security legislation. I suggested that it would be desirable for migrants likely to engage in insurable occupations in Canada to buy themselves into the Canadian Unemployment Insurance scheme, either from funds arising from service gratuities or from any payment which could be made available by the British Unemployment Insurance authorities. A third possibility is for them to use their own savings if this course were permitted by the Canadian insurance authorities.

5. I was told that it would require legislation to enable British Unemployment Insurance funds to be used in this way and some doubt was expressed as to whether someone withdrawing from the plan in Britain really had anything standing to his credit. One argument was that his insurance premiums had covered him during a certain period, just as fire insurance premiums do, but gave him no equity at the end of that period. Another view was that the risk carried by the insurance scheme diminished with the migration of some of the insured. In general, I think the situation is sufficiently hopeful to justify direct conversations on this topic between the British and Canadian officials concerned with a view to fairly comprehensive agreement.

6. I am very strongly of the opinion that in the case of *bona fide* immigrants, the Canadian system of children's allowances should apply without a delay of three years as at present provided in our legislation. My reasons have nothing to do with encouraging immigration and nothing to do with making a bargain with the United Kingdom. They arise from the simple calculation that we have nothing to gain by exposing to special risks of malnutritiion, underhousing, inadequate clothing or inadequate education, the children of immigrants who, in the natural course of events, will be the future citizens of Canada. We must, of course, ensure that we are dealing with *bona fide* migrants and it seems to me that a transfer of Unemployment Insurance benefits would provide a complete test of sincerity on the part of the migrant. It may be worth noting in this connection that an immigrant wealthy enough to pay income tax does not have to wait three years before claiming income tax exemption in respect of his dependents. Why should a poorer immigrant have to wait before receiving an analogous benefit? I strongly recommend that the Minister of National Health and Welfare should be asked if his Department would be prepared to recommend action on the lines suggested in the event of an agreement being reached concerning Unemployment Insurance.

7. As a matter of long-range policy, the British authorities welcomed our suggestion that the Department of Labour should give periodic and authentic information concerning employment conditions in Canada and that, if labour in special categories cannot be found in Canada, a request might be made to the British labour exchanges to provide assistance. These measures would do much to counteract propaganda by transportation companies interested merely in the volume of migration.

8. The British authorities were anxious that there should be some organization in Canada to which a migrant could turn for advice. I expressed some doubt on this point because it is one thing to give information and another thing to give advice. In giving advice one is bound to be held to some extent responsible if the advice turns out to be bad. In giving information there is no responsibility involved as to the use which may be made of the information by the man who receives it.

9. It may well appear that a very limited field has been covered by conversations and by the suggestions which I have made. I do not think that it is possible to do more at the present time before any immigration policy is settled, but I do think that prompt action at the present time can save a good deal of undeserved hardship to individuals and can lay a sound basis for future developments.[40]

H. F. A[NGUS]

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[40]Note marginale:/Marginal note:
I am in general agreement with this note. R[obertson]

PARTIE 4/PART 4
DÉFENSE
DEFENCE

**778.** W.L.M.K./Vol. 322

*Extraits du procès-verbal d'une réunion des premiers ministres*
*Extracts of Minutes of Meeting of Prime Ministers*

SECRET [London,] May 15, 1944

P.M.M. (44) 14th Meeting

## MEETING OF PRIME MINISTERS

*MINUTES of a Meeting held at 10 Downing Street, S.W.1, on Monday, 15th May, 1944, at 3 p.m.*

Present:

The Right Hon. C. R. ATTLEE, M.P., Deputy Prime Minister of the United Kingdom (*in the Chair*).

*United Kingdom.*

The Right Hon. ANTHONY EDEN, M.P., Secretary of State for Foreign Affairs.

The Right Hon. ERNEST BEVIN, M.P., Minister of Labour and National Service.

The Right Hon. OLIVER LYTTELTON, M.P., Minister of Production.

The Right Hon. VISCOUNT CRANBORNE, Secretary of State for Dominion Affairs.

Colonel the Right Hon. OLIVER STANLEY, M.P., Secretary of State for the Colonies

The Right Hon. BRENDAN BRACKEN, M.P., Minister of Information (*Item* 1).

Sir E. MACHTIG, Permanent Under-Secretary of State, Dominions Office.

*Union of South Africa*

Mr. D. D. FORSYTH, Secretary for External Affairs.

*Canada.*

The Right Hon. W. L. MACKENZIE KING, M.P., Prime Minister of Canada.

Mr. NORMAN A. ROBERTSON, Under-secretary of State for External Affairs.

*Commonwealth of Australia.*

The Right Hon. JOHN CURTIN, M.P., Prime Minister of the Commonwealth of Australia.

Sir FREDERICK SHEDDEN, Secretary of the War Cabinet, War Council and Department of Defence.

*New Zealand.*

The Right Hon. P. FRASER, M.P., Prime Minister of New Zealand.

Mr. A. D. MCINTOSH, Secretary of the War Cabinet and Secretary of External Affairs.

*Secretariat:*
Sir EDWARD BRIDGES, Sir JOHN STEPHENSON } *Joint Secretaries.*
Sir GILBERT LAITHWAITE
BRIGADIER E. I. C. JACOB
Mr. W. A. W. CLARK.

. . .

2. *Defence Co-operation within the British Commonwealth.*

MR. ATTLEE asked Lord Cranborne to open the discussion.

LORD CRANBORNE said that defence co-operation within the British Commonwealth was closely linked with the subject of a world security system, upon which interesting and valuable discussions had already been held. Such a world system, if it were to be successful, must have three facets — political, economic and military. The political aspect had been sketched out in the Papers put before the Conference by Mr. Eden, and he did not propose to revert to it. It was sufficient to say that the main reason for the failure of the League of Nations was that it had not behind it the sanction of force, so that when its authority was challenged it was unable to meet the challenge. The World Security Organisation must have teeth, and there had already been some discussion on how these teeth should be provided.

Mr. Eden had expressed the idea of a Military Staff attached to the World Council, to draw up plans for preventing aggression, and had explained the reasons in favour of the earmarking by the various member States of certain forces for use in certain areas at the demand of the World Council. If that conception was generally accepted, it immediately raised the question of the part which the nations of the British Commonwealth might have to play in providing these forces. Empire Governments had agreed with the proposal that the main responsibility for the preservation of peace, and for the provision of military forces, would rest on the four Great Powers — the United States, Russia, China and the nations of the British Commonwealth — freely acting in association. It might indeed be said that there would be only three Great Powers, as China for this purpose might be considered a big country rather than a Great Power. In any case, whether or not there were to be regional organisations within the world system, the conception of the four-Power Pact remained unchanged. The nations of the British Commonwealth would remain one of the main props of the organisation. The question was, how could our contribution be made most effective?

The World Council must be able to call upon our whole resources if required, and close consultation would be essential if such resources were to be made available. There was also the possibility that the new world system might fail. All would hope that this melancholy thought would not come to pass; but

one could not ignore the possibility, and close collaboration within the British Commonwealth would then be more essential than ever.

It might therefore be assumed that, whether the new World Security Organisation succeeded or failed, close consultation between the members of the British Commonwealth, and close co-ordination of their military forces would remain of the first importance. One must ask whether the present system was perfect, or whether it could be improved. Up to the outbreak of war, the main organ of consultation had been the Imperial Conference, which was held with fair regularity every few years. Between Conferences, consultation was maintained by various means, such as occasional visits of Dominion representatives to the United Kingdom, the attendance of Dominion High Commissioners or other representatives at the meetings of the Committee of Imperial Defence in London, and the regular interchange of Military Officers. In addition, the standard system of organisation, training and equipment throughout the forces of the Empire was a factor of the highest importance in correlating thought and action. Was this the best that could be done, or were other measures possible? He fully realised that it was difficult to discuss Imperial defence in isolation. It was inextricably linked with foreign policy. Obviously, no Government in the Commonwealth would be willing to undertake defence commitments, unless satisfied as to the circumstances in which it might be called upon to implement them.

It was equally clear that it might be politically impossible to come to final decisions on peace or war before the event. As Mr. Curtin had rightly pointed out, it was not the Governments alone that determined matters of peace or war but the electorates of the various countries. But subject to these essential considerations, could we improve the methods of collaboration? It was not his intention to dogmatise in any way, but to put forward certain lines of thought which might be worth consideration: —

(a) Assuming that the Imperial Conference remained the main organ of consultation between the nations of the Commonwealth, would it be possible to give some degree of continuity to its proceedings by establishing a standing committee to deal with strategy and other aspects of defence.

(b) Alternatively, or perhaps in addition, there might be periodic meetings at regular intervals between Defence Ministers and Chiefs of Staff in London or elsewhere. These might possibly be preliminary to meetings of the World Council.

(c) There might be an extended system for the interchange of military staffs. This would be particularly valuable if, as the result of definite obligations under a world security system, the preparation of joint plans became a practical possibility.

(d) There might be a considerable expansion of the training of United Kingdom and Dominion officers in the principles of Imperial Defence. This would involve an expanded conception of the Imperial Defence College.

(e) Study might be given to the co-ordination of industrial potential throughout the Commonwealth and Empire. This was a matter which had not

been given as much attention heretofore as it deserved, but which had emerged as a new factor of vital importance during the present war, when the various parts of the Empire had supplied others with great quantities of war materials. Much experience had been gained which was extremely valuable, and it would be a pity if in another emergency we had to start all over again at the beginning. It was for consideration whether an expert body might not be set up in the near future to consider this aspect.

(f) It would no doubt be agreed that the organisation, equipment and training of forces on a common model throughout the Commonwealth should continue as before.

Continuing, LORD CRANBORNE said that the proposals which he had outlined above were not specific, but were thrown out for the consideration of Prime Ministers as possible lines upon which improvement in the present machinery for consultation and co-ordination might be directed. It might be thought desirable to have them technically examined. Some of them might be considered impracticable, others might be thought politically inexpedient. We should, however, be under an obligation to do all in our power to make the new system of world security a success, and he felt that we should do everything possible to improve the machinery of consultation so that when the day came the British Commonwealth would not be found wanting.

MR. MACKENZIE KING said that the statement made by Lord Cranborne would be of great value as a basis for consideration of this matter by his Cabinet in Canada. He was not in a position to express any opinion upon it until he had had an opportunity of discussing it with his colleagues. He could hardly say anything useful upon the various suggestions thrown out unless he could back his remarks with a commitment, and this he could not do unless he was in a position to carry the Canadian Parliament with him. Furthermore, he considered that these were questions upon which decisions could not be reached while war was in progress. As soon as it was over the situation could be considered.

MR. CURTIN said that the subject under discussion was one which had presented itself in an acute form during the present war. The Australian Government had felt obliged at one stage to ask that their views should be given due consideration by the bodies responsible for taking the great decisions on the conduct of the war. During the present Conference Mr. Churchill had made it clear on more than one occasion that he felt that the Empire would carry much greater weight if it spoke as one. We were contemplating a future in which a world security organisation would be set up. The British Commonwealth and Empire would have much greater influence in such an organisation than would the United Kingdom divorced from the Dominions. The Australian Government would certainly give careful consideration to each of the proposals put forward by Lord Cranborne, some of which were in some degree already operating. They had found it necessary to ask for an opportunity to be heard in London when decisions affecting Australia were being formed. Their object was to ensure that the Australian arguments would be carefully weighed, and that decisions should be taken after they had been heard. If the decision went

against the views of the Australian Government they would be perfectly agreeable because they would know that the arguments on the other side had been judged overriding. These questions were of such importance that he had thought it right to prepare a statement embodying his views.

Mr. Curtin then read to the Conference the statement, a copy of which is at Annex I.[1]

. . .

MR. MACKENZIE KING said that while there was much in Mr. Curtin's statement with which he was in agreement, the questions raised would have to be carefully considered along with the whole range of matters connected with world security. All these would be fully examined by his Cabinet. He heartily endorsed Mr. Curtin's remarks[1] about Lord Cranborne, in which he would also include Mr. Eden. Both had been most understanding of the problems of Canada, and he had great confidence in their outlook and wisdom. He would also like to pay a tribute to Mr. MacDonald who, as High Commissioner in Canada, had proved exceptionally helpful, and whom he consulted on many occasions almost as if he were a member of the Canadian Cabinet. He was in full sympathy with the idea of monthly meetings between the Prime Minister of the United Kingdom and Dominion High Commissioners. A reciprocal arrangement was already in operation, as, in his joint capacity as Prime Minister and as Minister of External Affairs, he frequently held consultations with the High Commissioner for the United Kingdom.

. . .

LORD CRANBORNE said that the Conference had now heard a number of very interesting proposals on the subject under discussion. Obviously these could not be taken further at the present Conference, but he hoped that when the Prime Ministers had had an opportunity of consulting their Cabinets it might be possible to set up a technical committee to examine the various proposals which had been made. So much general agreement had been displayed at the Conference that, if any development of machinery could assist in carrying matters further, he felt it would be a pity not to proceed with it.

MR. MACKENZIE KING said that he would certainly have to consult his colleagues on the many important matters which had been brought forward. It was essential that he should be able to return to Canada without having committed his Government in any way upon these questions, and his Service Advisers would undoubtedly feel that their views should be taken by the Government. He would undertake, however, to examine without delay all proposals which had come before the Conference.

. . .

The conclusions of THE CONFERENCE were as follows: —

(a) There was general agreement with the proposal put forward by the Prime Minister of Australia, that there should be monthly meetings at which the Prime Minister of the United Kingdom would meet the High Commissioners of the Dominions and the Secretary of State for Dominion Affairs, to give an opportunity for the Prime Minister to give a review of the current situation and

problems, and for the Dominion High Commissioners to raise any questions which they considered should be the subject of consultation with the Dominions.

(b) The Dominion Prime Ministers undertook to consult their Governments, and subsequently to communicate with the United Kingdom Government, on the various proposals put forward in discussion for the improvement of defence co-operation within the Commonwealth, and as to whether a small technical committee, representative of the United Kingdom and of the Dominions, should be set up to examine further any of these proposals.

**779.** DEA/7-CM-ls

*Le sécretaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR 1195 London, August 24, 1944

SECRET. Following for the Prime Minister, Begins: You will remember that at the 14th Meeting of Prime Ministers held on May 15th a discussion took place regarding the machinery of co-operation within the British Commonwealth. On behalf of the United Kingdom Government I put forward certain suggestions for consideration as to co-operation in the sphere of defence. Mr. Curtin also made some proposals set out more fully in a Paper reproduced in Memorandum One[1] to the Ministers of the Meeting as to the general machinery for co-operation. It was agreed that consideration should be given to the setting up of a small Technical Committee representative of the United Kingdom and the Dominions to examine these proposals.

2. We have now been able to give further consideration to this matter and it seems to us that it might be difficult to arrange immediately for a special meeting to consider the more general aspects of the questions raised, since the senior officers who would be needed for the purpose could probably be ill-spared at the present moment. Moreover, some of the suggestions can be, and are being, put into effect while others, e.g. the suggestion for a regular meeting of Ministers concerned with external affairs which hardly lend themselves to discussion on the official level, could be discussed separately. There are, however, certain more detailed questions connected with the defence aspects as to which in our view it should be possible to make progress by discussions between technical officers. We should like to suggest, therefore, for your consideration that there should be joint discussions here of certain defence matters, e.g. those set out under (a) (c) (d) and (f) in the record of my statement at the 14th Meeting of Prime Ministers. The object would be to examine the ideas in detail and prepare a report for consideration of the respective Governments.

3. We should be glad to learn whether this proposal commends itself to you. If so you would no doubt wish to consider whether your military liaison

officers, at present in this country, could represent you or whether you would wish to send officers specially to this country for the purpose and if so when they would be available.[41] Ends.

**780.** DEA/7-CM-ls

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs.*

SECRET [Ottawa,] August 30, 1944

I attach a draft reply[42] to Dominions Office telegram D. 1195 concerning post-war defence discussions in London and also a covering memorandum for the Prime Minister. At first I was inclined to think that we should delay our answer but on reflection I think it desirable that we should turn down the suggestion for a meeting in London at once so that our answer will be in before possible acceptances arrive from other Dominion Governments. If you agree with this, it would be desirable that the P.M. should authorize the despatch of this telegram or something like it to-day or tomorrow.

Note that no distribution has been given to the D.O. telegram except to the Prime Minister. I have shown it to Mr. Heeney. I think that if the Prime Minister does not wish to consult the War Committee the telegram might be sent to the Defence Ministers together with a copy of the reply.[43]

H. W[RONG]

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[41]Les notes suivantes étaient écrites sur cette copie du document:
The following notes were written on this copy of the document:
I would not like to agree to this K[ing] 26-8-44
I think there will be ample time for this when the present war is at an end. K[ing]
Mr. Robertson: Should not these be considered *here* (Ottawa) by our own officials and cabinet before any steps are taken in London which may occasion embarrassment later on? W. L. M. K[ing]. 26-8-44.

[42]Pour le télégramme tel qu'envoyé, voir le document 781.
For the telegram as sent, see Document 781.

[43]Notes marginales:/Marginal notes:
I agree. N. A. R[obertson]
please do.
reply approved by PM and despatched 30-8-44.

[PIÈCE JOINTE/ENCLOSURE]

DEA/7-CM-ls

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au Premier ministre*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] August 29, 1944

I enclose for your consideration a draft reply to Dominions Office telegram D. 1195 of August 24th suggesting an early meeting of technical officers to discuss some of Lord Cranborne's proposals for cooperation in defence matters in the Commonwealth. I feel pretty certain that such a meeting at the present time would be abortive. I suspect that the prospect of a fairly early election in the United Kingdom has something to do with their desire to show zeal in the cause of Imperial defence.

You will note that this draft has been prepared for repetition to Australia, New Zealand and South Africa. I think it likely that the Australian Government may press for a meeting as proposed and may be put out by a negative attitude on our part. New Zealand might go along with them in this. It is hard to say what General Smuts' reaction would be but I doubt that fundamentally he would favour the idea.

As for the substance of Cranborne's proposals, they came before the Advisory Committee on Post-Hostilities Problems recently and were referred to the Working Committee for the Preparation of Papers. A draft report is now under way in the Working Committee but will not be ready for presentation for a few weeks. In the discussions in the Committee the point of view has been expressed that it is premature to formulate recommendations on these suggestions before we know more about the military obligations involved in membership of the new security organization and about post-war defence relations between the United States and the United Kingdom.

The four suggestions which Cranborne in his telegram regards as ripe for preliminary Commonwealth discussions were reported as follows in the minutes of the Meeting of Prime Ministers:

(a) Assuming that the Imperial Conference remained the main organ of consultation between the nations of the Commonwealth, would it be possible to give some degree of continuity to its proceedings by establishing a standing committee to deal with strategy and other aspects of defence.

(c) There might be an extended system for the interchange of military staffs. This would be particularly valuable if, as the result of definite obligations under a world security system, the preparation of joint plans became a practical possibility.

(d) There might be a considerable expansion of the training of U.K. and Dominion officers in the principles of Imperial Defence. This would involve an expanded conception of the Imperial Defence College.

(f) It would no doubt be agreed that the organization, equipment and training of forces on a common model throughout the Commonwealth should continue as before.

**781.** DEA/7-CM-ls

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*[44]

*Secretary of State for External Affairs to Dominions Secretary*[44]

TELEGRAM 147 Ottawa, August 30, 1944

SECRET

Following from the Prime Minister, Begins: Your telegram Circular D. 1195 of August 24th.

You will recall that after you had put forward at the 14th Meeting of Prime Ministers your suggestions for cooperation in the sphere of defence, I observed that these were questions upon which I considered that decisions could not be reached while the war was in progress. I am still of that opinion and feel that the time has not yet arrived at which official discussions can usefully be undertaken. Some preliminary study has been given in Ottawa to the four proposals which in your view might now be examined in detail at a meeting of technical officers. The progress so far made indicates that, before we can advance towards decisions on post-war cooperation within the British Commonwealth on defence questions, more must be known of the nature of the new world security organization and of the methods of military cooperation to be pursued during the armistice period. Ends.

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[44]Envoyé aussi à Canberra N° 14, à Wellington N° 15, à Pretoria N° 13.
Repeated to Canberra No. 14, Wellington No. 15, Pretoria No. 13.

**782.** DEA/7-CMs

*Projet du rapport de la Groupe mixte de rédactions, le Comité du travail sur les problèmes de l'après-guerre*

*Draft Report by Joint Drafting Group, Working Committee on Post-Hostilities Planning*

SECRET [Ottawa,] January 29, 1945

C.P.H.P. (45) Report 8 (Draft 1)

POST-WAR CANADIAN DEFENCE RELATIONS WITH THE BRITISH COMMONWEALTH

SUMMARY

PART I

In Part I a brief examination is made of the general political and strategic framework within which the relationship in questions of defence between Canada and the British Commonwealth is likely to operate after the war. This can be briefly stated:—

(i) Canada's relationship in matters of defence lies with the United Kingdom rather than with the Commonwealth as a whole. (para. 1)

(ii) It is virtually certain that if Canada should become involved in another major war the United Kingdom would also be involved. The probability of joint operations with the forces of the United Kingdom in the event of war creates a strong case for maintaining close connection in peacetime in matters such as defence planning, military organization, methods of training, design of weapons and planning of industrial mobilization. (para. 2)

(iii) As the principal hope of maintaining peace lies in the establishment of an effective world security organization, Canadian military defence arrangements with the United Kingdom should be consistent with the principles of any such organization. (para. 3)

(iv) It is reasonable that Canada, in view of her special association with the United Kingdom and her long experience in co-operation with the armed forces of that country, should make her contribution to any world security organization in conjunction with those forces. (para. 4)

(v) Even under a world security organization, member states will take measures of reinsurance in the event of failure, Canada's reinsurance should take the form of defence arrangements with the United Kingdom and the United States, as well as maintenance of adequate Canadian military establishments. (para. 5)

(vi) Should no effective world security organization materialize, the United Kingdom will have to rely on alliances with other countries. In this event, Canada's position will be greatly influenced by the position of the United States. Canada should strengthen her defence arrangements with the United

Kingdom without necessarily becoming directly associated with any European system of alliances. (paras. 6-8)

*General Conclusions of Part I*

The general conclusion is reached in Part I that whether or not an effective world security organization exists, Canada should maintain close defence arrangements with the United Kingdom; and should provide for the probability that in any major operations undertaken by Canadian forces they will operate jointly with the United Kingdom. (para. 9)

It is recognized, however, that in conformity with the policy that the Parliament of Canada should decide on any declaration of war, no advance commitment can be given to the United Kingdom without parliamentary assent that Canada will engage in any general war should the United Kingdom be involved. (para. 10)

PART II

In Part II certain proposals made by Lord Cranborne at the meeting of Commonwealth Prime Ministers in London on May 15th, 1944, are examined, and the conclusions reached may be summarized as follows:—

Proposal A. (A Standing Committee on Strategy and Defence) It is considered that no such Committee is required as ordinary peacetime machinery should normally suffice. (paras. 12-13)

Proposal B. (Periodic meetings at regular intervals of Commonwealth Defence Ministers and Chiefs of staff) — It is considered that regular meetings of the Chiefs of Staff of the Commonwealth do not appear to be necessary. (paras. 14-15)

Proposal C. (Extended system for the interchange of staff officers) — The interchange of Staff and Unit Officers on an extended scale is considered desirable; (paras. 16-19)

Proposal D. (Training in principles of Imperial Defence and Imperial Defence College) — It is considered desirable that senior Canadian officers should continue to attend the Imperial Defence College, if possible with an increased Canadian quota; (paras. 20-22)

Proposal E. (Co-ordination of industrial potential) — Such co-ordination between Canada and the United Kingdom is considered desirable in view of the probability of joint operations between Canadian and United Kingdom forces in the event of war; likewise liaison in scientific and technical research should be continued. (paras. 23-27)

Proposal F. (Common model of organization, equipment and training) — It is considered that Canada should continue to employ the United Kingdom model of organization, equipment and training. This should not preclude the development by Canada of its own or the adoption of individual items of United States equipment. (paras. 28-35)

SECRET January 29, 1945.

## POST-WAR CANADIAN DEFENCE RELATIONS WITH THE BRITISH COMMONWEALTH

### PART I

### GENERAL CONSIDERATIONS

1. In the consideration of Canadian defence policy in relation to the United Kingdom and the Commonwealth, it is necessary to proceed from the principle that Canada's security depends on the maintenance of peaceful conditions in other parts of the world generally, as much as on provision against any direct threat to Canadian territory itself. This interest in the preservation of peace is shared by all members of the Commonwealth alike. There is, however, a marked difference with regard to the Commonwealth, arising out of location and different strategic problems. Canada and the United Kingdom, on the other hand, have a particular community of regional interest. It follows that apart from Canada's general interest in world security, which should be pursued through a world security organization, Canada's defence relationship lies more directly with the United Kingdom than with the Commonwealth as a whole.

2. It is virtually certain that if Canada should become involved in another major war, the United Kingdom would also be involved. It is probable that in such an event Canadian forces would operate once more in conjunction with the forces of the United Kingdom, though not necessarily to the exclusion of joint operations with the forces of the United States. This probability in itself, therefore, creates a strong case for maintaining close connections in peace times with the United Kingdom in matters such as defence planning, military organization, methods of training, design of weapons and the planning of industrial mobilization. This would in no way be inconsistent with joint Canadian-United States defence planning, as recommended in "Post-war Canadian Defence Relationship with the United States: General Considerations"; (C.P.H.P. (44) Report 5 (Final-Second Revision).[45] Indeed, from the point of view of Canadian security the one is a necessary complement to the other.

*Assuming the Existence of an Effective World Security Organization*

3. As the principal hope of maintaining peace lies in the establishment and maintenance of an effective world security organization with military plans and with forces earmarked for the enforcement of security, Canadian military arrangements should be related to any such organization. Canada's post-war defence relations with the United Kingdom, therefore, should develop within this framework and in a form consistent with Canada's obligations to a security organization.

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[45]Voir le document 978./See Document 978.

4. Present proposals for the establishment of a world security organization indicate that the United Kingdom, U.S. and U.S.S.R. will bear the major burden of keeping the peace. In accordance with the general policy that all the members of the organization should contribute to the maintenance of international peace and security, Canada would be expected to undertake to make forces, facilities and assistance available to the organization by specific agreement, and to maintain a certain level of military preparedness to this end, as well as to provide for her own direct defence. It is reasonable that Canada, in view of her special association with the United Kingdom and her long experience in co-operation with the Armed Forces of that country should make her contribution to a world security organization in conjunction with those forces.

5. Even under a world security organization the member states will seek reinsurance by alliances and by maintaining a high degree of military preparedness; the Anglo-Soviet and Franco-Soviet alliances indicate this trend. Canada will likewise require appropriate measures of reinsurance. These should take the form of defence arrangememts with the United Kingdom and with the United States, as well as the maintenance of adequate Canadian military establishments. Canada would probably not be a party to European alliances entered into by the United Kingdom, but would nevertheless be regarded by the United Kingdom as a probable source of additional strength in the event of another general war.

*Assuming the lack of an Effective World Security Organization*

6. Should no effective form of world security organization materialize, the remaining hope of peace and security will rest in alliances and a high degree of readiness for war. In the absence of any central controlling organization and of a general plan of security, Canada will have to provide for her security as best she can from her own resources, and through the development of defence arrangements with both the United Kingdom and the United States.

7. As the United Kingdom would be compelled to rely on alliances with other countries, Canada's position would be greatly influenced by that of the United States. The United States might possibly be willing to make an outright military alliance with the United Kingdom in peace time. This is, however, unlikely, but the United States might undertake plans with the United Kingdom for the effective co-ordination of their military potential in the event of war. In any case it would be to Canada's interest to become actively associated with such arrangements.

8. On the other hand, the United States may choose to withdraw from co-operation with the United Kingdom and adopt an isolationist policy restricting its commitments to hemisphere defence. Such isolationism would constitute an invitation to aggression. It would represent a complete breakdown of any system of general security founded upon alliances between the Great Powers. Moreover, such a policy would, in all probability, lead to demands from the United States for the maintenance in Canada of defences for continental security on a scale higher than that considered necessary for the defence of

purely Canadian interests. Under such conditions, however, no scale of hemisphere defence could, in itself, ensure the security of Canadian interests, particularly those overseas. It would, therefore, be to the advantage of Canada to strengthen her defence relations with the United Kingdom without necessarily becoming directly associated with any European system of alliances.

9. The general conclusion is reached in Part I that whether or not an effective world security organization exists, Canada should maintain close defence arrangements with the United Kingdom; and should provide for the probability that in any major operations undertaken by Canadian forces they will operate jointly with the United Kingdom.

10. It is recognized, however, that in conformity with the policy that the Parliament of Canada should decide on any declaration of war, no advance commitment can be given to the United Kingdom without Parliamentary assent that Canada will engage in any general war should the United Kingdom be involved.

## PART II

### *Proposals made by Lord Cranborne at the Meeting of Commonwealth Prime Ministers in London, May 15th, 1944*

11. In Part II certain proposals made by Lord Cranborne are examined in the light of the above conclusions.

### *Proposal A*

"Assuming that the Imperial Conference remained the main organ of consultation between the nations of the Commonwealth, would it be possible to give some degree of continuity to its proceedings by establishing a standing committee to deal with strategy and other aspects of defence."

12. Whether or not the Imperial Conference is continued after the war in its present form, the question of the establishment of a standing committee on strategy and related problems needs to be considered in the wider context of world security. Under a world security organization, such a standing committee might be regarded as an indication of lack of confidence in the international arrangements; it might give the impression that a power bloc is being created, and might stimulate or serve as a pretext for the creation of counter-blocs by other states. In any case, ordinary peacetime arrangements should normally suffice to provide for the necessary degree of consultation between Canada and the United Kingdom on problems of strategy and defence.

13. If no world security organization exists, the desirability or otherwise of establishing such a standing committee would depend on the effectiveness of existing machinery to meet the need for closer consultation. If the required co-ordination were not being achieved some such machinery would be advisable,

provided, of course, it remained consultative in form. It is considered, however, that a high degree of co-ordination is possible within the normal peacetime machinery and that no such standing committee will be necessary.

*Proposal B*

"Alternatively, or perhaps in addition, there might be periodic meetings at regular intervals between Defence Ministers and Chiefs of Staff in London or elsewhere. These might possibly be preliminary to meetings of the World Council."

14. In Part I it was indicated that either with or without the existence of a world security organization, Canadian forces will probably operate in conjunction with the forces of the United Kingdom in any future war. To this end, joint planning will be necessary. This could normally be done through the usual service channels, but it is considered that regular meetings between the Chiefs of Staff of Canada and the United Kingdom would further such planning. If questions of major importance were under consideration, it might occasionally be desirable that the Defence Ministers of the two countries should participate. Regular joint meetings of the Chiefs of Staff of all countries of the Commonwealth, however, hardly appear necessary.

15. The holding of meetings of Commonwealth Defence Ministers and Chiefs of Staff preliminary to meetings of the World Council might be interpreted as implying the formation of a Commonwealth bloc. This would have the effect of encouraging groupings of a similar nature which would be inimical to the interests of the organization as a whole.

*Proposal C*

"There might be an extended system for the interchange of Military Staffs. This would be particularly valuable if, as the result of definite obligations under a world security system, the preparation of joint plans became a practical possibility."

16. In considering this question it is assumed that the reference to Military Staffs relates to the interchange of individuals rather than organizations. This would be a continuation of past practice between Canada and the United Kingdom. If, as previously indicated, Canadian forces are likely to operate with forces of the United Kingdom whether or not there is an effective world security organization, such interchange would be essential.

17. This would be particularly in Canada's interest, as United Kingdom staff officers on loan to Canada would make their specialized knowledge available, while Canadian staff officers loaned to the United Kingdom would gain broader experience in staff work than would be possible in Canada. Moreover the system should be extended to provide for the increased requirement for more staff officers and also for staff officers with technical training of a kind not available in Canada. The interchange of unit officers should also be continued on an extended scale as the same reasons apply.

18. Such interchange should not exclude arrangements with the United States and possibly other countries from time to time. Consideration should also be given to the possibility of the interchange of officers between Canada and other countries of the Commonwealth. For example, it has proved of advantage to Canada to have officers study in Australia the type of warfare peculiar to that region.

19. Apart from the above advantages the benefits gained by personal contacts between the officers concerned could hardly be overemphasized.

*Proposal D*

"There might be a considerable expansion of the training of United Kingdom and Dominions Officers in the principles of Imperial defence. This would involve an expanded conception of the Imperial Defence College."

20. The answer to this question is predicated upon the definition given to the term "Imperial Defence". The "principles of Imperial defence" are understood to refer to studies of warfare and strategy in relation to the various countries of the British Empire and Commonwealth, rather than to the means of providing an overall defence plan for these territories; other strategic problems would doubtless also be studied. Such studies would be most valuable in the training of senior officers, both military and civil, in the broader aspects of strategy and defence problems.

21. Attendance of senior officers at the Imperial Defence College in the past proved invaluable in affording an opportunity not otherwise available to Canada, whereby high ranking officers of all Services worked together on broad strategic problems. In view of the foregoing and of the total nature of modern war, attendance of senior officers at the Imperial Defence College (or its equivalent) should be continued and favourable consideration should be given to obtaining an increase in the Canadian quota and to the inclusion of officers of civil departments.

22. The "expanded conception of the Imperial Defence College" referred to by Lord Cranborne requires elucidation before any comments can be made.

*Proposal E*

"Study might be given to the co-ordination of industrial potential throughout the Commonwealth and Empire . . . Much experience has been gained which is extremely valuable and it would be a pity if in another emergency we should have to start all over again at the beginning. It was for consideration whether an expert body might not be set up in the near future to consider this aspect."

23. Because of the probability of joint action with the United Kingdom in the event of war, any peacetime arrangements to co-ordinate industrial potential between Canada and the United Kingdom would be desirable. A high degree of co-ordination has been achieved in this war, and the opportunity should be taken to continue these efforts into the peace. This co-ordination should include planning for production in the event of war, and should also take into account the maintenance of sufficient peacetime production to provide test models and

reserves of equipment to meet the requirements of the armed forces on the outbreak of war until full wartime production can be put into operation. In addition, dies and gauges of new models of equipment and modifications should be maintained on a scale sufficient to permit immediate wartime production.

24. A high degree of co-operation in scientific and technical research and development has been achieved by the United Kingdom and Canada to the benefit of both countries during the present war. Close liaison has been established both through the appointment of special Scientific Liaison Officers to the staffs of the High Commissioner in London and Ottawa and the Armed Services. The continuation of this liaison should be an essential part of co-operation for defence between the two countries after the war, but it is likely to be more fruitful if Canada maintain her own development at a high level of activity and efficiency.

25. Flying bombs and rocket projectiles and the increase in the power of the heavy bomber, have made the United Kingdom more vulnerable to bombardment. The nature of these weapons demands large areas relatively safe from bombardment, both for experimental purposes and for actual production. These can be provided by Canada. The establishment of such facilities in Canada — in co-operation with the United Kingdom — would tend to make Canada more self-supporting in wartime.

26. In view of its new vulnerability the United Kingdom may possibly desire to establish or to assist in the establishment of other types of armament production in Canada. The acceptance of this principle would contribute to the maintenance of an industry essential to the conduct of the war, but it is considered that the implications of the problem might have to be further examined in relation to Canadian neutrality.

27. It should be emphasized that this close industrial and scientific co-ordination should not necessarily be exclusively confined to the United Kingdom. The closest cooperation has existed with the United States in these matters and every effort should be made to continue this into the peace.

*Proposal F*

"It would, no doubt, be agreed that the organization, equipment and training of forces on a common model throughout the Commonwealth should continue as before."

28. With regard to the form or model of organization, training and equipment of the Canadian forces, four possible courses merit consideration:—

(a) Continued acceptance of the British model;

(b) Substitution of the United States model;

(c) Development of a distinctive Canadian model;

(d) A combination of the above.

29. The principal criteria for the selection of the model of organization, training and equipment must be the probable function of the Armed Forces, and also availability and quality in the case of equipment and training. While it

is evident that organization, training and equipment are closely inter-related, it is proposed to examine the question of equipment first.

30. It is, perhaps, conceivable that Canada could develop her own distinctive equipment: on the other hand, acting entirely alone, Canada would not have either the productive power or the range of industrial and scientific techniques comparable with either the United Kingdom or the United States that would enable Canada to develop a really effective fighting force. The choice, therefore, lies between United Kingdom and United States models, or a combined form as in (d) above.

31. If the United States model were selected, it is possible that in wartime the equipment would be more readily available in view of the industrial potential and proximity of the United States. However, such a course would be open to several objections:—

(a) It would involve dependence upon the United States for supply of equipment. This would seriously hamper the maintenance of a nucleus of a Canadian armament industry in peacetime;

(b) In wartime the availability of those supplies would by no means be assured. For example, a belligerent United States might be unable to spare the desired amount from her own resources; or a neutral United States might be unwilling to provide munitions to a belligerent Canada;

(c) It is unlikely that Canada would have full and free access to technical research and up-to-date equipment in the United States in peacetime;

(d) Dissimilarity between Canadian and United Kingdom equipment would seriously hamper the efficiency of joint operations of Canadian and United Kingdom forces.

32. If the British model were selected it would probably be difficult to obtain supplies from the United Kingdom in wartime. On the other hand, in view of the new vulnerability of the United Kingdom to air attack, it is possible that Canada may be asked in peacetime to provide for the production within her own territory of certain armaments required by both countries in wartime. While such production is desirable in principle it might give rise to difficulties in the event that Canada desired to remain neutral if the United Kingdom were at war.

33. It would appear, therefore, that there is no ideal solution of the problem. The best course seems to be to continue to employ the United Kingdom model. This, however, should not prevent Canada from developing her own equipment with a view to its adoption by the United Kingdom; nor should it prevent Canada from adopting individual items of United States equipment which prove superior in quality or appropriate to Canadian use. Special cognizance would need to be taken of the possibility of using United States Coast artillery equipment and of the R.C.A.F.'s possible need for United States equipment. In this war Canada has already obtained considerable advantage from the great productive resources of the United States aircraft industry; reliance on the United States for this type of equipment may, from considerations of economy and availability of supply, be further developed in the future.

34. Great progress has been made during the present war towards the assimilation of British and United States equipment, though methods of military organization and training have remained dissimilar. If this process should continue Canada's problem would be immensely simplified especially as Canadian industry is generally based on United States engineering standards; but it cannot be assumed that such will be the case.

35. With regard to organization and training, the employment of a similar model is essential if the forces of Canada and the United Kingdom are to work together efficiently. This would be a continuation of past practice. It would mean, moreover, that the results of development in military organization and training would continue to be made freely available to Canada.

**783.** DEA/7-ADs

*Extrait du procès-verbal de la 40e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of Fortieth Meeting of Working Committee on Post Hostilities Problems*

SECRET [Ottawa,] February 2, 1945

MINUTES OF THE FORTIETH MEETING OF THE WORKING COMMITTEE ON POST HOSTILITIES PROBLEMS HELD ON THURSDAY, FEBRUARY 1ST, IN ROOM 123 IN THE EAST BLOCK

PRESENT:

H. H. Wrong, Esq., Department of External Affairs, Chairman
Major General Maurice Pope, Privy Council Office
Wing Commander G. S. Austin, Department of National Defence for Air
Lt. Col. R. G. C. Smith, Department of National Defence, Army
Lt. Commander J. S. Hodgson, Department of National Defence, Navy
Squadron Leader J. M. Sutherland, Department of National Defence for Air
Major D. A. Hogg, Department of National Defence, Army
C. S. A. Ritchie, Esq., Department of External Affairs
R. M. Macdonnell, Esq., Department of External Affairs
G. Ignatieff, Esq., Department of External Affairs, Secretary

*Post-War Canadian Defence Relations with the British Commonwealth*

In opening the discussion of Draft 1 of the paper C.P.H.P. (45) Report 8, January 29th, submitted by the P.H.P Joint Drafting Group, the Chairman said that this was a difficult question which raised a wide range of political and strategic questions. It was essential, therefore, that the Working Committee should be careful that any paper submitted should bear the mark of having been carefully thought out and should avoid obscurity of language, particularly in regard to recommendations.

The Chairman recalled the background of this paper. Certain proposals had been put forward by Lord Cranborne at a meeting of the Prime Ministers in London in May, 1944, at one of the last meetings. No prior notice had been

given, and the Prime Ministers had reserved their opinions, saying that the question would be given careful consideration. In August, 1944, the question was raised again by the United Kingdom Government in a telegram suggesting that certain of the questions might be discussed between technical officers in London. The particular matters suggested were the questions of a Standing Committee; the interchange of military staffs, the co-ordination of industrial potential; and a common model of organization, equipment and training. For various reasons this suggestion had not been accepted by the Canadian, South African and New Zealand Governments, and it had been agreed that consideration of these proposals should be deferred. However, it was important that the Canadian Government's policy on these questions should be considered without delay, and this paper was intended to make recommendations on the attitude to be adopted towards the United Kingdom's proposals.

As regards the form of the paper, it was agreed that it was necessary to have an introductory general statement of the strategic and political framework, within which the proposals would need to be considered.

As regards the content, the Chairman said that the paper would require considerable revision, particularly to ensure that the recommendations were clearly stated. It was agreed that the first part of the paper should be read paragraph by paragraph.

It was pointed out that the use of the term "Canada's security" in the first sentence failed to make a distinction between involvement of Canada in a general war and security from invasion. General Pope pointed out that the appreciation of the risk of attack made by the Canadian Chiefs of Staff had never gone beyond the possibility of a raid. This could not be regarded as a threat to Canadian security. It was, therefore, more a question of the general interest and welfare of Canada, which depended on peaceful conditions in other parts of the world generally. Lt. Col. Smith said that the intention had been to stress the need of basing Canadian army policy on providing for an Expeditionary Force for service overseas, rather than for direct defence at home. In the second sentence from the last, reference was made to the community of regional interest between Canada and the United Kingdom. This required some explanation.

In paragraph two, the statement in the second sentence that the Canadian forces, in the event of war, would operate once more in conjunction with the forces of the United Kingdom, brought forth the comment that, particularly in relation to possible operations in the Pacific, it could not be assumed that Canadian forces would necessarily operate with the forces of the United Kingdom. In the third sentence the use of the term "defence planning" was an example of the kind of obscurity which the Chairman suggested should be avoided, as it covered anything from a complete alliance to occasional staff talks.

In paragraph three the Chairman pointed out that the proposals for world security organization were not sufficiently advanced to say that the organization would have "military plans." It was agreed, therefore, to omit this reference.

In paragraph four, in the first sentence, it was agreed to add "the Great Powers and especially" in the second line. As regards the last sentence, the same objections applied as to paragraph two, namely, that it could not be assumed that in any possible military operations undertaken by Canada under a world security organization, Canadian forces would necessarily operate with the forces of the United Kingdom.

As regards paragraph five, the Chairman suggested that examination of the question of "reinsurance" was not appropriate to the part of the paper which was based on the assumption that an effective world security organization would be set up, and it was agreed that a complete revision of this paragraph would be necessary.

Paragraph 6, 7 and 8 dealing with the position which would follow, assuming the lack of an effective world security organization, it was agreed, would also require revision. As regards the conclusion, paragraph 9, it was pointed out that the use of the term "defence arrangements with the United Kingdom" would require clarification to indicate more exactly the type of relationship intended between Canada and the United Kingdom in matters of defence.

In conclusion, it was agreed that the paper would be redrafted in the light of the discussion.[46]

**784.** DEA/7-CM-s

*Télégramme de la Mission canadienne de l'état-major conjoint au Comité des chefs d'état-major*

*Telegram from Canadian Joint Staff Mission to Chiefs of Staff Committee*

CJSM 39 [London,] May 31, 1945

TOP SECRET

British PHP staff have prepared draft staff study, purely exploratory in character and not intended for executive action in security of British Empire in period 1955/60, summarising previous regional security studies and have invited CJSM to send observer to attend meeting on 6th June with PHP staff and other Dominion representatives to receive British comments on this paper. Commander Todd has been nominated to represent CJSM.

2. Paper recommends that British Imperial strategy should be designed with due regard for

(A) Possibility of war with USSR.

(B) Need to insure against resurgence of Germany and Japan.

(C) Possibility of armed conflict with minor powers.

(D) Maintenance of internal security.

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[46]Pour en savoir davantage sur ce document, voir les documents 12, 13.
For further discussion of this paper, see Documents 12, 13.

(E) Obligation to place armed forces at disposal of world organisation.

3. While it is considered improbable that USSR will follow aggressive policy PHP staff as military advisors consider that common prudence requires them not to neglect this possibility.

4. The views of PHP staff on Dominion collaboration in Imperial defence are:

(A) No longer possible for UK to carry so large a proportion of responsibility for defence of Empire interests and essential each Dominion assumes equitable share.

(B) Unless armed forces of UK and Dominions are integrated in peace for defence of Empire as a whole, Empire will no longer enjoy status of a great power.

(C) Dominions should be given larger voice in shaping of imperial foreign and defence policy.

(D) Organisation, equipment and training of Dominion and UK forces should be on common model.

(E) Strategic reserves of Imperial forces wherever located such as Middle East should include Dominion contingents.

(F) Imperial security cannot be assumed unless plans can be made in assumption that Empire Governments including Dominions will accept firm, repetition firm, commitments to make available in event of major war their resources in manpower, material and money to be used wherever requirements of overall Imperial strategy dictate.

(G) Subject to above overriding requirements all Dominions should undertake defence against minor aggression and maintenance of internal security of their own territories and mandates.

(H) Canada in particular should afford to Newfoundland assistance necessary for her defence, should contribute to protection of Atlantic communications, to security of Northern Pacific, to garrisoning of British possessions in West Indies and should also participate in measures to ensure control of Germany and Japan.

5. While Canadian representative is attending meeting as observer only it would be of assistance if unofficial, repetition unofficial, comments of Canadian PHP organisation on foregoing proposals could be signalled for his information prior to meeting.

(Para 4-sub paras (B) and (C) have been requested)

**785.** DEA/7-CM-ls

*Télégramme du secrétaire, le Comité des chefs d'états-majors au secrétaire, la Mission canadienne de l'état-major conjoint*

*Telegram from Secretary, Chiefs of Staff Committee, to Secretary, Canadian Joint Staff Mission*

CSC 1020 [Ottawa,] June 2, 1945

TOP SECRET AND IMPORTANT. For CJSM London from CSC Ottawa. Your CJSM 39.

PARA ONE. Because of the San Francisco conference and the forthcoming elections, it is not possible at this time to secure unofficial comments of PHP committee or of Government on the proposals of the British PHP staff paper on security of British Empire in period 1955-60.

PARA TWO. We have no objection to Todd attending the meeting of 5 June in capacity of observer but he should of course not repeat not express any views which may be taken as representing those of the Chiefs of Staff or any official Canadian attitude.

PARA THREE. At first sight the outline of the proposals as set forth in your signal indicates that certain of them deal with political matters of the highest policy and in our opinion some would almost certainly be unacceptable to the Canadian Government. We suggest therefore that introducing these questions at this time even in staff discussions might in the long run prejudice the attainment of the best results.

PARA FOUR. It might also be observed that the proposals for imperial defence seem to go beyond those put forward by Lord Cranborne at the Prime Ministers' Conference last year, on which occasion the Prime Minister fully reserved the Canadian position for study. While some preliminary consideration has been given to the Cranborne proposals by the PHP committee, the matter has been postponed until after the San Francisco Conference. It would therefore be helpful to have full report[47] on the discussions of the British PHP staff proposals.

**786.** DEA/7-CM-ls

*Mémorandum du représentant principal de l'armée canadienne, CPCAD*

*Memorandum by Senior Canadian Army Member, PJBD*

SECRET Ottawa, August 2, 1945

At our meeting last week I light-heartedly undertook to think over the "Cranborne" proposals of May, 1944, and to let you have a paper outlining my views as to how some day the ball might be returned either to or at London. Today, I must frankly admit that I find myself confronted with somewhat of a teaser.

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[47]Non trouvé./Not located.

It is not because I find the answers to Lord Cranborne's points at all difficult. Indeed, to me, they are as plain as the nose on a man's face. My perplexity arises from the fact that, as always, the British case is stated from such a high moral plane that those who find themselves constrained to take a contrary view find themselves in the invidious position of one who is in the act of letting the side down.

This British habit of investing their policies with such a cloak of sanctity reminds me of Professor Banse's amusing dictum, "They say Christ, but they mean cotton." We must find a line of approach that will by-pass this handicap and that, not the solution, is the real problem.

Another difficulty arises from the fact that in the Cranborne thesis, fact and fancy are almost inextricably intermingled. It is a simple enough matter to deal with a line or argument which is logically developed but with which one does not agree either as to premise or conclusion. When, however, the argument is both objective in parts and patently subjective in others, it is puzzling to decide just how to bring the debate back solidly on to the rails.

In illustration, Cranborne starts off by saying that defence co-operation within the British Commonwealth is closely linked with the subject of a world security system, with which statement of fact none of us is likely to disagree. He then refers to Eden's idea of earmarking *certain* forces for use in *certain* areas at the command of the World (Security) Council. (It is interesting to meet this allusion to Regional Arrangements several months before Dumbarton Oaks.) From here he proceeds to the proposition, with which we can have no quarrel, that the main responsibility for the preservation of peace rests on the four Great Powers. But it is at this point that, in quite an effortless way, he passes from hard ground into the realms of fancy. He lists these Great Powers as the U.S.A., Russia, China *and the Nations of the British Commonwealth — freely acting in association*, to which grouping I am sure we must demur. Calmly and as a self-evident fact he states that, whether or not there are to be regional organizations within the world system, the Nations of the British Commonwealth will remain one of the main props of the organization. The question in his mind is how our contribution can be made most effective, etc., etc. Shades of San Francisco!

This is the nub of the question to which we must address ourselves. Fortunately Lord Cranborne has in some measure touched upon the essential factors that completely undermine his central and centralist stand. No Government in the Commonwealth, he recognizes, would be willing to undertake defence commitments, unless satisfied as to the circumstances to which it might be called upon to implement them. It is equally clear to him that it might be politically impossible to come to final decisions on peace and war before the event and he quotes the late Mr. Curtin, with evident approval, that it is not the Governments alone that determine matters of peace or war, but the electorates of the various countries. In so saying he admits the existence of the very real obstacle that seriously blocks any advance down the central way he had previously defined.

Before attempting to puzzle out a way of dealing with the British thesis, this appreciation of the intra-Imperial relationship should, I think, endeavour to think out an aspect of the question to which at times Mr. Wrong has referred. It is, if I have understood it correctly, that our cautious stand over the years of refraining from seeking to play a part in the formulation of Commonwealth, or rather United Kingdom policy, places us in the unenviable position of being drawn into Great Wars without our being able to do much, if anything, about it.

I wonder if this disability is one we can overcome, even in a measure. Is it not one to which all but the Great Powers are subject? It is precisely the position of the Low Countries which have been fought over for centuries without being able to do much about it. In 1936, Belgium having had demonstrated to her in the spring of that year the worthlessness of Locarno, and distrustful of a recent French swing to the Left, withdrew from what remained of that ill-fated pact, and sought sanctuary in a form of Nineteenth Century neutrality. This action was purely negative. It was also quite ineffective. But the point is that at the time it seemed to be about the only course open to her. Many other countries seem to be in much the same predicament.

As one looks back over the years I wonder if the United Kingdom's response to Sir Wilfred Laurier's plea of "Call us to your Councils" has not merely been with the object of committing us before the event. So far as I can remember, Britain has often wished to be able to say that she had our support in the line she was taking but when the chips were down she acted quite properly, or so I think, as her own interests dictated. She was the one who would suffer attack — our homes and fields would not be in jeopardy. How Canada could possibly effectively contribute say, to the solution of European problems, I am sure I do not see. (I shall try to deal with this point a little lower down.) In any event we are not being afforded much of an opportunity of doing so at the present time. Apparently the three Great Powers, to recall an Asquithian phrase, look upon this grave responsibility as one which "cannot be shared".

On the other hand, a partial remedy to our position of comparative helplessness may derive from the Regional Arrangements under the aegis of the Security Council, to which we may become a party. When we enter into a North American regional arrangement might it be possible for us to have some influence in the formulation of United States foreign policy such as might lead to war with a country capable of taking military action against this continent? The hope, I fear, is slim.

Again, should we receive and accept an invitation to join a Pacific or North Pacific security pact, might we not properly expect to be able to contribute our ideas as to how that portion of the world is to be governed?

I suppose that Europe (including Russia) will continue to be the world's potential storm centre. Our commitments thereto, if any, will I suppose depend on what may be worked out in Security Council. Will an Atlantic Community come about? All this incidentally brings one back to Lord Cranborne's first postulate, namely, that defence co-operation within the British Commonwealth

is closely linked with the subject of a world security system. Should we become party to such an arrangement then perhaps we might find ourselves in a position to have some say as to policy. Perhaps the regional Military Staff Committee might work in the shadow of a Conference of Foreign Ministers of the countries concerned.

I fear the immediately foregoing is somewhat visionary. Actually, I cannot for a moment imagine that we could have influenced the United Kingdom against the Munich surrender of 1938, or against her decision to go to war over the Polish issue in 1939. As a consequence, for a number of reasons we find ourselves hoping that the United Kingdom will so conduct her policy as to avoid the outbreak of a major war, and principally because of the thought that as it was to our direct interest to come to her aid twice in a generation so it will probably be again a third time. That we cannot do much to influence her is just one of the disabilities of not being a Great Power. And even if we were, it is not certain that our position would be otherwise. The United States is certainly of that rank and she has literally been dragged into two wars. She could see them coming but there does not appear to have been much she could do about it. Can Ottawa reasonably hope for a more effective voice than Washington? As regards Canada, the United Kingdom will always be glad of our support. On the other hand, I have a feeling that they feel they know a good deal more about Europe than we do and that consequently they would not be disposed to alter direction at our instance. And can you imagine a Canadian Government today being prepared to come down hard in favour of or against the Oder-Neisse frontier for Poland and saying that it was prepared to back up that stand either now or in the future? I am afraid that I am unable to do so. In these circumstances my conclusion is that our cautious wait-and-see policy over the years has not been unsound.

If this is so, we must tackle Cranborne or his successor in some other way. Any sort of an Apologia I should rule out. For one reason it would never sink in. Another is that I have no predilection for fighting battles that were fought and won long ago. All this would sound too much like playing over still once again a worn-out sold gramophone record of 30 years ago. It would seem to me perfectly clear that any British statesman must instinctively know in the marrow of his bones that Canada, to take the example of one dominion, is not going to participate in a war to settle a dispute over the frontiers of Iraq, or to preserve the Indian Ocean as a British lake, much less to enable a British general in India to report "Peccavi". Consequently, if in the space of a few lines Cranborne was able to soar from hard earth airily into the clouds, we, I think, should be quite capable of reversing the process.

Were I required to draft a speech or a telegram in reply, I should begin by saying that the Canadian Government entirely agreed that the question of defence co-operation within the British Commonwealth was closely linked with the security arrangements it could now be expected would be initiated by the proposed Security Council. Thus, it would be necessary first to know the nature and scope of the regional agreements to which the several dominions might respectively be invited to join, as well as such additional forces, if any, they

might be invited to place at the disposal of the Security Council. In these circumstances, until the United Nations organization had been duly set up and had begun to function it was not possible to examine the question of Commonwealth defence co-operation, either comprehensively or with any degree of finality.

On the other hand, pending these developments there were certain points in Lord Cranborne's statement to the meeting of Prime Ministers in May, 1944, which could be discussed at the present juncture. It seems open to question if the nations of the British Commonwealth — freely acting in association — (to use Lord Cranborne's words) rather than the United Kingdom and her dependent Empire, is really the Great Power on whom, together with the U.S.A., Russia and China, the main responsibility for the preservation of peace depends. Lord Cranborne himself seemed to be not unaware of this when later in his speech he foresaw that it might be politically impossible to come to final decisions on peace and war before the event, for it was not the Governments that determined these matters but the electorates of the various countries.

With the latter view the Canadian Government entirely agree, and it can be taken that the Canadian people would not be prepared to accept commitments in respect of such matters as the defence of British interests in the Eastern Mediterranean, the Middle East or the Indian Ocean. It was precisely because of this reluctance on the part of the Canadian people that during the course of the present war the Canadian Government have been disinclined to authorize the employment of their forces in the Balkans and Near East and why they have restricted their use in the War against Japan to the Central and North Pacific Theatres.

On the other hand, as the record of two great wars has made clear, the Canadian people have, on the occasion of the emergency arising, quickly realized that the security of the United Kingdom was a vital interest and in consequence they have left nothing undone to avert such a catastrophe. Nor is there any reason to believe that they would act otherwise during the course of the next generation.

In the light of these considerations of a general nature the views of the Canadian Government on the specific points (a) to (f) put forward by Lord Cranborne are as stated hereunder:

(a) We agree that the Conference of Prime Ministers should remain the main organ of consultation between the nations of the Commonwealth. On the other hand, we do not see that any useful purpose would be served by establishing a standing committee to deal with strategy and other aspects of defence. In our view, our day to day liaison on the political and Service levels appears adequate to serve the purpose in view. We presume that the Committee of Imperial Defence (or some such similar body) will be revived at the close of the war against Japan, to which such Dominions as may feel the need for further consultation may freely have recourse.

(b) It would appear that meetings of Defence (and other Ministers) and Chiefs of Staff in London or elsewhere, preliminary to periodic special meetings of the Security Council might prove feasible.

(c) We favour the continuation of the system of interchange of staff and regimental officers, which has proved so valuable over the last thirty years and more.

(d) During the period between the wars, Canada always had a very considerable number of Service officers taking courses of all natures in the United Kingdom. While it seems probable that in the post-war period our resources may be such as to enable us to undertake a greater proportion of the elementary training of officers at home, we would be prepared, and indeed would desire to continue the policy of training regimental and staff officers in the United Kingdom.

(e) We are of opinion that much would be gained by the co-ordination of the industrial potential throughout the Commonwealth and Empire and, as well, the United States. The subject is vast and requires careful study.

(f) As a general principle we agree that the organization, equipment and training of forces on a common model throughout the Commonwealth should continue as before, subject, as in the past, to such changes or deviations that our local circumstances may indicate to be desirable. In this connection we feel it to be very desirable that as great a measure of standardization of Commonwealth and United States organization, equipment and training, as is possible would be to the advantage of us all and should earnestly be sought.

"Them", as the Western politician proclaimed from the hustings many years ago, "Them's my sentiments." I shall not add as he did somewhat hastily when he saw that they were not going down any too well, "but they can be changed."

M[AURICE] P[OPE]

## PARTIE 5/PART 5
## TÉLÉCOMMUNICATIONS
## TELECOMMUNICATIONS

**787.** DEA/6231-4

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D 1392 London, September 16, 1944

IMMEDIATE. SECRET. United States Ambassador has informed Secretary of State for Foreign Affairs, semi-officially, that he has received message from United States Secretary of State that State Department feel that time has come to give thought to negotiations on telecommunications matters with a view to settling all outstanding questions, such as right to set up direct

radiotelegraph and radiotelephone circuit between United States and points in British Empire, and agreement on low uniform telecommunication rates — covering all communications between places in United States and places within British Commonwealth, with special attention to press rates and to re-allocation of certain United States and British cables. State Department would like to hold negotiations this autumn and suggest October. If this considered too early for negotiations of final nature, they hope that at least preliminary conversations could be held then at which problems to be solved could be outlined and agenda for subsequent negotiations prepared. In these talks it is presumed that the Dominions and India would participate along with the United Kingdom.

2. Our feeling is that from the general point of view of relations with United States of America, it would be desirable to accept this invitation, but that it would not, in fact, be practicable to open discussions of the kind suggested until there has been further progress in enquiries into arrangements for future telecommunications organisation within the Commonwealth, with special reference to proposals submitted by Commonwealth Communications Council. We should accordingly propose to reply to following effect. Begins:

We welcome United States initiative and have always been conscious that negotiations with United States Government would be desirable as soon as possible. We have borne this in mind in connection with enquiries which, as State Department are aware, are being made into organisation of telecommunication service of British Commonwealth. These are far from complete and there is no prospect of completion by October. Moreover, as Ambassador's letter recognises, Governments of Dominions and India are equally concerned and time will be required for necessary preliminary discussions with these Governments. We should not, therefore, be ready to begin negotiations with United States Government of final character until next year, but we should do our best to be ready to begin negotiations early in new year with possibly, if United States Government thought this of advantage, a preliminary discussion in London before end of this year for purpose of preparing agenda. Ends.

3. We are anxious to return reply to United States as soon as possible and we should accordingly be grateful for very early intimation whether Dominion Governments would agree with line proposed above.

**788.** PCO

*Mémorandum du secrétaire,*
*le Comité interministériel sur la politique des télécommunications,*
*au Comité de guerre du Cabinet*

*Memorandum from Secretary,*
*Interdepartmental Committee on Telecommunications Policy,*
*to Cabinet War Committee*

SECRET [Ottawa,] September 18, 1944

RECOMMENDATIONS OF INTERDEPARTMENTAL COMMITTEE:—
CANADIAN POLICY IN EXTERNAL COMMUNICATIONS

INTRODUCTION

1. (a) The Canadian Government has been asked by the Commonwealth Communications Council, an advisory body on telecommunications policy composed of representatives of the United Kingdom, Canada, Australia, South Africa, New Zealand, India and the Colonies under the Chairmanship of Sir Campbell Stuart, to state its views on the proposed reorganization of telecommunications, which for the past fifteen years have been operated by Cable and Wireless Limited under modified supervision by the Commonwealth Governments.

(b) This question was referred to the Interdepartmental Committee on Telecommunications Policy, established by Cabinet War Committee in May, 1944, and composed of representatives from the Departments of External Affairs, Finance, National Defence (Army), National Defence for Air, National Defence for Naval Services, Post Office and Transport. The Committee has held several meetings to discuss the problem and has had the benefit of a meeting with Sir Campbell Stuart, in which he outlined the factors that led to the proposed reorganization and indicated some of the problems to be faced in the future. Based on these discussions, the Committee wishes to submit the following interim report which might serve as a basis for the Government's reply to the Commonwealth Communications Council.

NATURE OF THE PROBLEM

2. (a) In 1929, after an Imperial Conference on cables and wireless, it was decided to approve of the creation of a new private company in the United Kingdom, Cable and Wireless Limited, which should operate the external telecommunications systems of the Commonwealth, subject to supervision by an Imperial Communications Advisory Committee. This Committee had powers of veto on the increase of rates, withdrawal of special reduced rates, discontinuance of services, sale of assets used by communications within the British Empire, supervision of accounts, and weighing of the relative merits of strategic requirements against the interest of the public in low cost communications. Cable and Wireless Limited purchased government-owned cables such as the Pacific Cable in which Canada had a five-eighteenth interest. In this country, Cable and Wireless Limited held a controlling interest in an associate

company, Canadian Marconi. Elsewhere in the Commonwealth, Cable and Wireless Limited either owned, had a considerable interest in, or negotiated working agreements with the telecommunications companies. In short, for the past fifteen years, Cable and Wireless Limited has been the "chosen instrument" for the execution of telecommunications policy of the Commonwealth Governments.

(b) *Pre-War Problems*. In the decade before the war, because of loss of revenue during depression years and its over-capitalization, the financial returns to Cable and Wireless Limited did not reach expectations. These difficulties raised the question of the extent to which the Company should be assisted by the governments in maintaining strategic cables. The question was met in 1937 by an agreement which stabilized the situation for a period of five years. The Company evolved a preferential rate structure, approved at the Imperial Rates Conference of 1937, which heavily favoured Commonwealth interests. It was designed to give London the predominant role in the control of the circulation of news and commercial messages. Subsequently, the Company was strongly opposed to any suggestion which would lead to the opening of direct services between Australia and the United States in which private United States companies were anxious to acquire an interest. In this period, Canadian policy was based upon a desire to avoid the possible difficulties which might be created by the appearance of an Imperial monopoly of telecommunications services. The Canadian Government was also opposed to the idea of treating the Commonwealth as a single strategic unit in the field of telecommunications. For that reason, Canada disclaimed any collective responsibility for the maintenance of strategic cables, while indicating a willingness to discuss on its merit questions relating to strategic cables terminating in Canada.

(c) *War Problems*. The present war greatly increased the volume of traffic in telecommunications and emphasized their great strategic importance as papers submitted to the Commonwealth Communications Council by the Joint Communications Board of the United Kingdom emphasized. It also made necessary acquiescence in the request of the United States that direct wireless circuits should be opened between that country and various parts of the Commonwealth. This request was opposed as long as possible by Cable and Wireless Limited, which eventually consented to the opening of the circuits, only on the understanding that they should terminate six months after the conclusion of hostilities. Cable and Wireless Limited also refused any modifications of the 1937 rates structure designed to reduce the cost of United States traffic on the new circuits. Such a reduction was requested by the United States Government and had been approved by the Commonwealth Governments at the Commonwealth Telegraph Conference held in Australia in 1942. It was on this occasion that the United Kingdom Government described the attitude of Cable and Wireless Limited as "distinctly unhelpful".

At the Australian Conference it was decided to reorganize the Imperial Communications Advisory Committee, which became the Commonwealth Communications Council and was henceforth to consist of delegates who

resided in the countries which they represented. The Chairman should represent no country; Sir Campbell Stuart, previously Chairman of the Imperial Communications Advisory Committee, was selected for that post. The new Chairman met in London in April and May, 1944, with Mr. W. A. Rush of the Department of Transport as Canadian representative, while Colonel Laurie acted as observer for the Armed Services. To the Commonwealth Communications Council the Governments of Australia and New Zealand, which had been particularly exasperated by the policies of Cable and Wireless Limited, submitted a plan for the reorganization of telecommunications known as the Anzac Scheme, which was endorsed by the Commonwealth Communications Council and submitted to the various governments for approval in principle.

(d) *The Anzac Scheme.* The scheme was based on a conception described as one "which provides for functional unity while enhancing local autonomy." Its basic feature was the disappearance of a Cable and Wireless Limited and its replacement by a series of nationally owned public utility companies. Under the scheme, without any exchange of funds, the United Kingdom would allot 25% of its stock in the new United Kingdom company in equal shares between the five Commonwealth governments. The United Kingdom corporation would then have six directors nominated by the United Kingdom, and one from each of the Commonwealth governments. Similarly, each of the other governments would transfer 25% of its corporation stock to the United Kingdom which would be represented by one director on each governing body. The Commonwealth Communications Council would remain as a general Advisory Body on Policy. Although the plan is not specific on this point, it would appear that the Commonwealth governments, as well as the United Kingdom Government, "would be expected to bear their full share of the responsibility for the maintenance of cables by the United Kingdom Corporation."

FACTORS AFFECTING CANADIAN POLICY

3. (a) *Necessity of Reorganization.* It is clear that some such plan as proposed by the Commonwealth Communications Council must be adopted since Cable and Wireless Limited has definitely stated that it cannot operate successfully if the wireless circuits established between the United States and the various Commonwealth countries should be in operation after the war. The United States has asked for the retention of these circuits and no Commonwealth Government has expressed opposition.

(b) *United States Policy.* It is also clear that any plan of reorganization must take into account the views both of the United States Government and the American public, which has commenced to take an interest in this question. The market discrepancy between intra-Commonwealth rates and American rates to Commonwealth countries has provoked considerable adverse comment. The United States Senate recently appointed a Committee to investigate international communications. Both the Republican and the Democratic Parties in their national platforms made references to the need for greater freedom of communications. The Chairman of the Federal Communications Commission, Mr. Fly, has stressed several times his belief that the existing

international system of telecommunications requires considerable reform. It also appears that the United States Government and the United States private companies have been antagonized by the failure of recent negotiations of United States companies with Cable and Wireless Limited. To judge from reports recently received from Washington, the United States Government may look with favour upon the reorganization since it marks the end of Cable and Wireless Limited, but might require re-assurance that the reorganization does not mean a consolidation of Imperial communications along monopolistic lines.

(c) *Strategic Considerations.* Maintenance of an adequate network of telecommunications for security purposes has been considered important by the Chiefs of Staff Committee, who are of the opinion that Canada has a material interest in the maintenance of an integrated system of communications between the various parts of the Commonwealth, and with all possible theatres of war in which Canadian forces might be employed. It is also thought advisable that Canada's telecommunications policy should be adaptable to the needs of an international security organization such as is now being planned. From these considerations it would appear that Canada has a strategic interest in the maintenance of Communications within the Commonwealth, but that it should work as well for the development of a world security system of telecommunications linked with a world security organization.

(d) *Technical Considerations.* The proposed reorganization under the Anzac Scheme may also help in strengthening the technical efficiency of Imperial communications. There have been complaints as to the degree of research carried on either by Cable and Wireless Limited or by its subsidiary companies in the Dominions. Some experts believe that the marked development in the efficiency of wireless services caused by the war may lead to considerable changes in the relative importance of cables and wireless for communications purposes. Others are inclined to argue that the developments in research upon cables in recent years may help to offset the improvements in wireless. New developments of airmail services, facsimile and telephone also point to the difficulties that may be encountered in what must be a highly competitive field. Much of recent United States development has been in the extension and improvement of wireless communications. These developments may place the United States Companies at an advantage as compared to the new Commonwealth Companies who will be required to maintain the existing cable facilities. It is not yet clear to what extent in the reorganization contemplated of United States services, cables now operated by United States private companies will be maintained.

(e) *Financial Considerations.* The financial burden to be assumed by Canada would involve the purchase of the radio external communication facilities of Canadian Marconi Limited, the approximate value of which has been estimated at $2,500,000. As compared to other Commonwealth countries, Canada is in an advantageous position in that the license arrangements for Canadian Marconi are on an annual basis which makes possible its termination on short notice. Canada may also be called upon for reasons described in

preceding paragraphs to make a contribution to the maintenance of the existing cables, which are now owned by Cable and Wireless Limited. The valuation placed by Cable and Wireless Limited upon their assets is an artificial one arising out of the enormous expansion of traffic created by the war. It is understood that the British Government intends to arrange for a careful investigation of the financial position of the parent company. It should be noted that the contribution to the cost of the maintenance of cables in general involves a change of financial policy from that previously maintained by Canada. The financial position may also be complicated by the question of rates. The United States Government has asked for a revision of existing rates and a reply has been postponed because of the opposition of Cable and Wireless Limited. It remains to be seen whether or not a lowering of rates would have a favourable effect upon the financial operations of the new companies.

(f) *Press Considerations.* In the reorganization of telecommunications, the various Commonwealth Governments will have to consider the position of the press in its demand for more efficient arrangements for the speedy transmission and dissemination of news. In the past, Cable and Wireless Limited have been subject to complaints not only from United States press services but also from Reuters, the leading British news agency. It is possible that the problem of press rates can be separated from the general rate question. This topic is of particular importance to Canada because of the close connection of Canadian newspapers with United States newsgathering facilities. It is likely that progress can be made in this field when the new national companies have been established.

RECOMMENDATIONS[48]

4. (a) That the Canadian Government inform the Commonwealth Communications Council that it is prepared to support, in principle, the nationalization of telecommunications services by each member of the Commonwealth as suggested in the Anzac Scheme. At the same time it reserves for further consideration the question of linking the new national corporations together by an exchange of stock and interlocking directorates. It also reserves for further consideration the extent of the contribution which Canada might be called upon to make to the operation of a general cable system and the manner in which that contribution might be made.

(b) That the Canadian Government suggest to the United Kingdom Government that exploratory conversations be opened with the United States, in which all the Commonwealth governments interested in the reorganization of telecommunications should be invited to participate.

(i) These conversations should be opened to explore the possibility of some measure of co-ordination between the Commonwealth and the United States systems of telecommunications. Since these systems include approximately 80% of the world's telecommunications service, it is obvious that much would

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[48]Approuvées par le Comité de guerre le 27 septembre 1944.
Approved by War Committee, September 27, 1944.

be gained by effective co-operation between them. These conversations might also serve to dispel a possible United States suspicion of a new monopoly and could be carried on during the process of nationalizing the various communications companies. It is possible that this process of reform might be taken by the United States as a proof of an intention of putting our own house in order while pursuing negotiations for a world wide system of telecommunications. These conversations might also be valuable in clearing up the question of competitive rates. Since the Commonwealth Communications Council is not to meet again until March 1, 1945, it would seem advisable that the conversations should be concluded before that date in order that the Council may be in a position to take action.

(c) That the Canadian Government express its approval in principle for the creation of a world communications authority as part of the new international organization after the war.

(i) Such an authority would be at least necessary as a clearing house for world communications problems that will inevitably arise. It may possibly be endowed with further powers of a regulatory or administrative character.

EVAN W. T. GILL

**789.** DEA/6231-40

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 192 Ottawa, September 30, 1944

SECRET. Your secret telegram Circular D. 1392 of September 16, 1944. Proposed conference with United States on telecommunications matters.

We agree that conversations with the United States should commence as soon as possible in which all Commonwealth Governments represented on the Commonwealth Communications Council should participate. For this reason we should be glad to take part in the preliminary discussions that you suggest might be held before the end of this year for the purpose of preparing an Agenda.

At the same time we realize that other Commonwealth Governments may find it inconvenient to send representatives to London for an Agenda Conference at the time proposed and subsequently for another meeting with the United States and for the Commonwealth Communications Council meeting in March. We suggest for consideration that it might be possible to arrange by correspondence and by cables between the United States and the Commonwealth Governments the various items on the Agenda in order to avoid the necessity of two conferences with the United States and in order to advance the date of the conference which the United States has requested.

If your Government and the other Commonwealth Governments are in agreement we would favour informing the United States Government at once that the Commonwealth Governments are favourable to the maintenance after the war of existing direct wireless circuits between the United States and the various parts of the Commonwealth. Since all of our Governments through their representatives at the Commonwealth Communications Council have already expressed themselves in favour of this policy, we see no reason why this information should not be communicated to the United States Government forthwith and feel that its release might help to create a favourable atmosphere for the discussions on more controversial topics.

We are informing the Commonwealth Communications Council that we are prepared to support in principle the nationalisation of telecommunications services by each member of the Commonwealth as suggested in the Anzac scheme, while reserving for further consideration the nature of the relationships to be established between the new national corporations and the question of sharing financial responsibility for the maintenance of cables.

We are also informing the Commonwealth Communications Council that we approve in principle the creation of a World Communications Authority as part of the General International Organisation to be set up after the war.

DEA/6231-40

**790.**

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

London, October 11, 1944

TELEGRAM 184

SECRET. Your telegram of 30th August, [September] No. 192. We are glad to note that Canadian Government are agreeable to conversations with the United States on telecommunication matters and to preliminary discussions for the purpose of preparing an agenda. Suggestion that there should be a meeting for latter purpose was included in draft reply to United States State Department, set out in my telegram Circular D. 1392,[49] to meet what are understood to be the wishes of the United States authorities and we should be reluctant to take the initiative in suggesting that correspondence should be substituted for a meeting.

2. As regards possibility of a communication to the United States Government as to future of the direct wireless circuits opened during the war between the United States and certain parts of the Commonwealth, this is of course primarily a matter for the Governments of the Dominions with which these circuits were opened. Certain Colonial Governments also are involved. We are, accordingly, sending Governments of Dominions by mail copies of this correspondence.† For our part, we doubt the advisability of informing the

[49]Document 787.

United States at this stage that direct wireless circuits will be maintained after the war. The United States Ambassador's communication to the Secretary of State for Foreign Affairs did not lay special emphasis on the question of direct circuits and clearly does not expect any statement to be made at this stage, and further we should deprecate making concessions to the United States before even an agenda is framed for discussions. All other Dominion Governments and Government of India have concurred in terms of proposed reply which we are anxious to communicate as soon as possible to the State Department.

3. In the circumstances, we are now despatching reply in form proposed in my telegram Circular D. 1392 and we will send you copy[1] in due course.

**791.** DEA/6327-40

*Mémorandum du secrétaire,*
*le Comité interministériel sur la politique des télécommunications,*
*au Comité de guerre du Cabinet*

*Memorandum from Secretary,*
*Interdepartmental Committee on Telecommunications Policy,*
*to Cabinet War Committee*

SECRET [Ottawa,] February 26, 1945

1. At the Cabinet War Committee meeting on September 27th, 1944, a recommendation to the following effect from the Interdepartmental Committee on Telecommunications Policy was approved:

"that the government accept in principle the nationalization of telecommunications by each member country of the Commonwealth advanced by Australia and New Zealand, reserving, however, for further consideration, the nature of the relationships to be established between the new national corporations and the question of sharing financial responsibility for maintenance of cables."

This recommendation was accordingly submitted to the Commonwealth Communications Council.

2. Three months later the United Kingdom Government informed the other partner governments that the United Kingdom War Cabinet saw certain practical difficulties in the existing scheme. It had, therefore, decided to:

"send an emissary of the highest standing to each of the Dominions, India, and Southern Rhodesia, to discuss alternative possibilities with the Governments concerned."

Lord Reith was appointed to head the United Kingdom mission, and commenced his tour at the middle of January. Lord Reith has now completed his conversations with the Governments of Australia, New Zealand and India, and expects to conclude his discussions with the Governments of South Africa and Southern Rhodesia, and reach Canada about the middle of March. Following his discussions in Canada, it is proposed to hold a Commonwealth Communications Conference in the United Kingdom at an early date to work

out full details of the scheme which may emerge from his successive conversations.

3. The Prime Ministers of Australia and New Zealand have telegraphed the Canadian Government the substance of Lord Reith's proposals to them, with which they are in general agreement. The Government of India has also agreed with minor reservations. From these telegrams, it appears that Lord Reith originally proposed a —

"single public utility corporation based on one in which all telecommunications assets throughout the Commonwealth and Empire would be vested, and in which the Dominions and India would acquire shareholdings corresponding to the values of the assets which they would acquire in territories and transfer to the London corporation."

This proposal was unacceptable to the Australian Government which has, however, agreed to what has been described as an extension of the Anzac Scheme. In the new scheme, the Commonwealth Communications Council, at present a purely advisory body, is to become:—

"an incorporated central body -- charged with very important responsibilities."

4. The Central Body will have the same composition as the Commonwealth Communications Council, i.e., an independent chairman, approved by the partner governments, and one representative from each of the partner governments and for the colonies. Except where unanimity has not been obtained upon a matter of governmental policy, the Central Body functions very much like the board of directors of a commercial company. The representative of any partner government may claim any topic under discussion to be a matter of governmental policy. When unanimity has not been obtained the Central Body forwards a report and recommendation to the partner governments. The Body's powers include:—

(a) all the powers and duties vested in the Commonwealth Communications Council;

(b) formulation and direction of the execution of the joint telecommunications policy of the partner governments, including the fixing of rates;

(c) co-ordination of the development of the cable and wireless system and approval of all extensions to and alterations of telecommunications systems within its purview;

(d) conduct of negotiations with telecommunications interests on behalf of the partner governments;

(e) advice to the partner governments on telecommunication matters affecting defence, foreign relations, or any other matter that may be referred;

(f) assessment of the proportion of the annual costs of cable maintenance which should be borne by the several corporations;

(g) supervision of the Empire telecommunications system within the region of each local corporation;

(h) apportionment of the net receipts of each local corporation; and,

(i) inspection of the budget, accounts and programme of capital expenditures of each local corporation. The major projects involving capital expenditures by more than one corporation are to be subject to recommendation to the partner governments.

5. The general trend of these and similar provisions is to create a Commonwealth agency with very broad powers over individual parts of the Commonwealth. In so doing, it departs from the original purpose of the Anzac Scheme which was described as providing for "functional unity while enhancing local autonomy."

6. If the Canadian Government does not approve this policy, it is felt that those Commonwealth governments which have already expressed their views and approval should be apprised of the fact. It would also appear essential that the views of the Canadian government should be crystallized before Lord Reith's mission arrives for the discussions previously described. Since no government favours the retention of Cable and Wireless Limited, it would appear that the Canadian government must either approve of the Reith plan in principle or support the creation of an individual Canadian publicly owned corporation to operate external telecommunication facilities with other countries. Such a company should be ready to co-operate as far as possible with whatever other type of Commonwealth telecommunication corporation may emerge, but not to the point of surrendering its autonomy in the manner envisaged by the Reith proposals.

7. The Interdepartmental Committee on Telecommunications Policy therefore requests direction from the Cabinet War Committee as to its views on the following alternatives:—

(a) acceptance of the Reith proposals for a new centralized Commonwealth communications company based at London but with subsidiary local corporations in the various Commonwealth countries; or,

(b) creation of a Canadian publicly-owned telecommunications company, operating external communications and prepared to co-operate as fully as possible with whatever Commonwealth company may be created. Such co-operation should not impair in any essential degree its autonomy.

Under the latter scheme, it is envisaged that the Commonwealth Communications Council would be retained and its powers somewhat amplified.[50]

EVAN W. T. GILL

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[50]Le Comité de guerre approuva la dernière proposition le 28 février 1945.
War Committee approved the latter proposal on February 28, 1945.

**792.** DEA/6231-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au haut commissaire de Grande-Bretagne*

*Under-Secretary of State for External Affairs*
*to High Commissioner of Great Britain*

SECRET Ottawa, March 2, 1945

Dear Mr. MacDonald:

I wish to refer to your secret letter to the Prime Minister of December 23, 1944[1], informing him of the proposed visit of Lord Reith to the partner governments of the Commonwealth concerned with the re-organization of telecommunications services.

Since your letter, we have received telegrams[2] from the Governments of Australia, New Zealand, India, and Southern Rhodesia, describing their conversations with the Reith Mission on this topic. We understand that Lord Reith and his party are now engaged in similar discussions with the South African Government and will arrive in Ottawa for the same purpose about the middle of March. The tenor of the telegrams received to date indicates approval of a more centralized plan for re-organization than was envisaged in the CCC proposals of almost a year ago. We feel that the powers of the proposed Central Body, as outlined in the Australian discussions, encroach to such an extent on the powers of the nationally owned corporations as to render their local autonomy of minor importance.

As you are aware, the Canadian Government informed the Commonwealth Communications Council last September that it was prepared to accept in principle the nationalization of telecommunications by each member country of the Commonwealth, while reserving for future consideration the nature of the relationships to be established between the new national corporations and the question of sharing the financial responsibility for the maintenance of cables. We are still of that opinion and are not prepared to subordinate a Canadian publicly-owned telecommunications corporation to the type of centralized control described above. We favour the retention of the existing Commonwealth Communications Council and are willing to examine proposals for increasing its usefulness to the partner governments.

We feel that the United Kingdom Government should be generally informed of our position before our discussions with Lord Reith, to which we are looking forward to with great interest, get under way.

Yours sincerely,

N. A. ROBERTSON.

**793.** DEA/6231-40

*Le Premier ministre*
*au chef, la délégation britannique sur les télécommunications*

*Prime Minister*
*to Head, British Delegation on Telecommunications*

SECRET Ottawa, March 16, 1945

Dear Lord Reith:

I regret that my enforced absence from Ottawa has prevented me from participating in conversations with you and your colleagues concerning the reorganization of the Commonwealth telecommunications services.

Based upon the discussions which my colleagues have had with your Mission, and upon their examination in the Cabinet, I think I might describe the position of the Canadian government as follows:

As we informed the United Kingdom High Commissioner in Canada, in our letter of March 2nd, we are prepared to create a publicly-owned company in Canada, to operate external communications and to co-operate with Commonwealth and other telecommunications bodies. We would, of course, assume full financial responsibility for this company.

As a consequence of the information given to us by you in these discussions, we are also prepared to co-operate in the creation of a Commonwealth body on the lines suggested in the Canberra paper,† but with the modifications proposed by Field Marshal Smuts in his letter to you of 5th March, 1945,† which makes it clear that the central body shall be consultative.

I have also two additional qualifications to make arising out of the particular circumstances of Canada:

(1) As was explained in our discussions with your Mission, the Canadian interest in Commonwealth telecommunications questions is not of the same order of magnitude as that of some of the other countries of the Commonwealth; in particular, the field of co-operation between Canada and the United States in communications bulks large in proportion to our overseas communications. For that reason, in any discussion of allocation of costs and maintenance of the Commonwealth telecommunications system, the Canadian government will wish to reserve its position until further details have been obtained.

(2) In our discussions with your Mission, it became clear that negotiations with the United States, in which all Commonwealth governments may be concerned, on such topics as direct circuits and rate structures, would be desirable at the earliest possible date. The Canadian government could not take any action, at this stage or in subsequent discussions with the Commonwealth governments in London in respect of the Commonwealth telecommunications system which might prejudice our common interest in reaching, if possible, broader international agreements in this field and, in particular, in securing satisfactory measures of co-operation with the United States. We feel that the

London conference should consider not only the form and functions of the central body, but also the manner and timing of the forthcoming negotiations with the United States of America and the policy to be adopted therein.

May I express, on behalf of the Canadian government, our appreciation for the manner in which you and your colleagues have presented the problems of Commonwealth telecommunications and assure you that the Canadian government for its part will continue to co-operate in seeking a solution for them.

Yours sincerely,
W. L. MACKENZIE KING

**794.** DEA/6327-40

*Mémorandum du secrétaire, le Comité interministériel sur la politique des télécommunications, au Cabinet*

*Memorandum from Secretary, Interdepartmental Committee on Telecommunications Policy, to Cabinet*

[March, 1945]

COMMONWEALTH TELECOMMUNICATIONS; CANADIAN POLICY

*Introduction*

1. This memorandum deals with the reorganization of Commonwealth telecommunications, a matter which is to be discussed at a Conference to be held in London commencing July 16th, and seeks direction on question of Canadian policy in connection therewith.

*Summary of Recent Developments*

2. Questions related to the reorganization of the system have been under review by the partner governments since the Commonwealth Communications Council, at its meeting in May, 1944, recommended to the partner governments the adoption, in principle, of the "Anzac Scheme" which involved the supersession of Cable and Wireless Limited by a series of nationally owned public utility corporations. This scheme was put forward as one which provided for functional unity while enhancing local autonomy.

3. The Cabinet War Committee at their meeting of September 27th, 1944, considered the proposed scheme in the light of a report by the Interdepartmental Committee on Telecommunications Policy and agreed: "that the government accept in principle the nationalization of telecommunications by each member country of the Commonwealth advanced by Australia and New Zealand, reserving, however, for further consideration, the nature of the relationships to be established between the new national corporations and the question of sharing financial responsibility for maintenance of cables.'

4. The proposed scheme was also accepted in principle by various other Dominion governments but the United Kingdom government were of the

opinion that it did not appear to give the necessary degree of central co-ordination. It therefore arranged for a United Kingdom delegation, headed by Lord Reith, to visit the governments concerned with a view to discussing alternative possibilities.

5. This led to the preparation in Australia of a revised scheme, known as the Canberra Proposals, which was claimed to be an extension of the Anzac Scheme but which, in effect, centralized control of the Commonwealth system to a greater degree than had been envisaged in the earlier plans. The governments of Australia, New Zealand, India and Southern Rhodesia indicated agreement to the new proposals, subject to minor modifications. On the other hand, South Africa, while promising full co-operation, stipulated that the central agency should function on a consultative rather than directive basis.

6. Details of the new proposals were submitted in a report by the Interdepartmental Committee on Telecommunications Policy[31] to the Cabinet War Committee for consideration at their meeting of February 28th before the arrival of Lord Reith's party in Ottawa. The War Committee then decided that "the Reith proposals for a new centralized Commonwealth Communications Company were not acceptable, and approved in principle the alternative suggested in the Committee's report, viz, the creation of a Canadian publicly-owned company to co-operate with Commnwealth and other telecommunications bodies." It was also agreed that the Commonwealth Communications Council might be retained perhaps with amplified powers. The United Kingdom and other Commonwealth governments were informed of these views.

7. Following the conversations which were held with the United Kingdom Delegation in March, the Canadian position was stated in a letter from the Prime Minister to Lord Reith. This notified the Government's willingness to create a publicly-owned telecommunications company in Canada and stated that we were also prepared to co-operate in the creation of a Commonwealth Body on the lines suggested in the Canberra paper, but with the modification proposed by Field Marshal Smuts which makes it clear that the central body shall be consultative. This letter stated further than in any discussion of allocation of costs and maintenance of the Commonwealth telecommunications system, the Canadian government would wish to reserve its position until further details had been obtained.

*Description of Lord Reith's proposals*

8. In Lord Reith's report to the United Kingdom government, he concluded that dissatisfactions with the existing system could not be ignored and recommended that the Canberra proposals, adjusted to meet South African and Canadian reservations, be recognized as a basis for the reorganization. A further recommendation of some interest related to the disposition of oceanic assets (as distinct from territorial assets and including cables and some wireless facilities such as relay stations). In this connection he suggested that the question of placing them under the operating control of the central body be explored. The documents' for the forthcoming conference have been prepared

[31]Document 791.

by Lord Reith along these lines and the policies recommended therein are for consideration of all the partner governments, including that of the United Kingdom. The main principles upon which agreement will first be sought are:

(a) Practicability of the Canberra proposals, modified to meet South African and Canadian requirements.

This involves the establishment of local bodies to own, maintain and operate assets situated in the territory of each partner government, and the creation of a new central body to replace the existing Commonwealth Communications Coundil — this central body to possess consultative powers plus any administrative powers which might be given to it in connection with the control and operation of oceanic assets.

(b) The feasibility of separating oceanic assets from territorial assets and placing those under the operating control of the central body.

This scheme was developed sometime later than the Canberra proposals which envisaged the U.K. corporation operating those oceanic assets which were not acquired and operated by the local bodies.

(c) Attitude to the United States.

On this subject the documents suggest that "the objective should be complete collaboration with the United States and . . . . . aim ultimately at the full acceptance by the United States of America, in common with other foreign countries and the nations of the British Commonwealth, of international obligations in the sphere of telecommunications to be defined by agreement at a post-war international conference, including adherence by the United States to all the International Regulations. Further it is contemplated that preliminary collaboration should take place . . . . . with a view to facilitating smooth working, and the abolition of friction due to competitive rate cutting, etc."

9. The main problem confronting the Canadian government is the attitude to be adopted on the second principle, i.e. that dealing with the transfer of oceanic assets to the new proposed central body. The grounds for the transfer, in Lord Reith's opinion, are that otherwise the United Kingdom corporation would be so much stronger than the other partner governments as to throw out of balance the Commonwealth organization. In this connection, Lord Reith states:

(a) acceptance of the plan would permit the partner governments to "acquire full share in the control of the telecommunications system . . . . . in a way involving no compromise with sovereign rights;

(b) "it is no part of the plan that the control of the public undertaking should be related to the amount of stock held by the various governments in the undertaking."

10. If the partner governments agree to the transfer of oceanic assets to the central body, it would be entrusted with their administration. Its powers would accordingly include such functions as,—

(a) "to maintain, develop and operate the telecommunication assets and services of the Corporation in the best interests of our Commonwealth and Empire;

(b) "to carry on the business of telegraphy (including wireless telegraphy, telephony and television) in any and every form."

11. The other powers of the corporation are outlined below. They are mainly of a consultative nature and have been obviously carefully written so as to meet the wishes of South Africa and ourselves.

(a) "At the request of our partner governments and local telecommunications bodies to conduct negotiations with foreign telecommunication interests on their behalf;

(b) to promote and conduct research in telecommunication matters;

(c) to make recommendations to our partner governments and to local telecommunication bodies on the following matters:

(i) the formulation and execution of the joint telecommunication policy of our partner governments, including the fixing of rates, (terminal, transit and parcours proportions);

(ii) co-ordination of the development of cable and wireless systems of our Commonwealth and Empire;

(iii) extensions to and alterations of the telecommunication systems within our Commonwealth and Empire;

(iv) the provision and, where appropriate, the apportionment among local telecommunication bodies, of capital expenditure on projects;

(v) telecommunication matters affecting the defence or the foreign relations of our Commonwealth and Empire or any part thereof;

(vi) co-ordination of research in telecommunication matters conducted by local telecommunication bodies;

(vii) the exchange of personnel between the Corporation and local telecommunications bodies;

(viii) any other telecommunication matter which may be referred to the Corporation by any of our partner governments or by any local telecommunication body."

*Canadian Policy*

12. In considering the Reith proposals, there appear to be two main courses open to the Candian Government:

(a) *To participate in a reorganization based on the Canberra Proposals — modified to meet South African and Canadian views — but to not support Lord Reith's plan for the disposition of oceanic assets.*

Canada has already indicated its willingness to co-operate in the creation of a Commonwealth body having consultative powers. Should this course be accepted the local bodies in the Dominions would own their territorial assets and such oceanic assets as they might acquire. The U.K. corporation, on the other hand, would own its territorial assets and such oceanic assets as were not

acquired by the other partner governments. The U.K. corporation would thus be very much stronger than the other local bodies and would, by virtue of its greater interest, dominate the central body. While this in itself is not objectionable, this type of organization with a central body having only consultative functions, is more loosely knit than the other alternative and might have disadvantages from an operating viewpoint, as experts have frequently argued that the system should be considered as a whole and that cable and wireless networks cannot be operated as efficiently independently.

If central administration of oceanic assets is completely ruled out the best solution would seem to be their ownership and administration on a regional basis. By such a plan each local body would follow the course its national interest dictates — viz, either sole ownership of a particular group of oceanic assets or participation with other public corporations in regional arrangements. On such a basis the Canadian corporation might, for example, co-operate, in the Atlantic region, with the United Kingdom corporation and, in the Pacific, with the Australian corporation.

It might be noted that if the Reith proposals for administration of oceanic assets were acceptable to the other partner governments they might bring the scheme into operation with Canada's participation in the central body limited to consultative questions. In these circumstances it might prove difficult to convince other governments and telecommunication interests that Canada's participation was so limited. It is, therefore, probable that whatever political disadvantages were inherent in full participation would to a large degree remain.

(b) *To participate in a reorganization, based on the Canberra proposals as modified, and in the establishment of a central body charged with the operation of oceanic assets.*

The acceptance of Lord Reith's plan for the disposition of oceanic assets would result in the maintenance of a fully integrated system but would, on the other hand, have the disadvantage of creating a Commonwealth system under central control.

Under the present system, that is one in which a United Kingdom private corporation operating with the approval of the various Commonwealth governments as their chosen instrument in telecommunications, but with modified supervision by an Advisory Committee in which each government is represented, experience has shown,—

(i) that the Company has not always been successful in negotiating tactfully with U.S. telecommunication authorities; and,

(ii) that when the U.S. authorities have entered into negotiations with U.K. authorities they have been informed that any changes must be discussed with the other Commonwealth governments as well.

Thus, indirectly at least, the partner governments might have acquired some share of criticism for the policies of Cable and Wireless Limited.

In the new scheme the partner governments would have a greater voice in the formulation of policy since they would be represented on the central body

which operates oceanic assets. At the same time their national corporations would be in existence as independent co-operative units in central scheme. It was this feature of the Anzac plan which drew favourable comment from U.S. authorities.

It should also be noted that each Dominion government would be free to determine how great its financial participation in oceanic assets would be without its voice in policy being legally related to the extent of that participation.

*Conclusions*

13. The Interdepartmental Committee have reviewed these various factors and their conclusions are as follows:—

(a) that the idea of a Commonwealth system under control of a body situated in London is less acceptable than a more loosely knit organization;

(b) that from an administrative point of view, the Reith proposals offer one solution for the disposition of oceanic assets;

(c) that either the regional scheme or the Reith proposals would be an improvement over the existing situation insofar as the conduct of negotiations with the U.S.A. and other foreign countries was concerned; and,

(d) that, under the Reith proposals, Canada's special relationship with the U.S.A. would be dependent on the adoption by the central body of a fully co-operative and progressive policy towards that country.

*Recommendations*

14. The Interdepartmental Committee on Telecommunications Policy accordingly recommends approval in principle of the following policy for the guidance of the Canadian delegates to the Commonwealth Conference: —

(a) that Canada reaffirm its willingness to create a publicly-owned Canadian corporation to acquire and operate such external telecommunication facilities within Canada as may be required;

(b) that the Canadian delegates to the conference be instructed to suggest that oceanic assets be administered on a regional basis and that the central body remain purely consultative; — this would mean the adoption of policy whereby each partner government would be free to act at its discretion in respect of acquisition and operation of oceanic assets and to negotiate on telecommunication matters with any other country;

(c) that if the Canadian proposals are not acceptable and the Reith proposals commend themselves to the majority of countries represented at the conference, the delegates be given guidance by the Cabinet as to which of the following courses should be pursued, —

(i) acceptance of the plan for the operation of oceanic assets by the central body with Canada's financial interest limited to its appropriate share of the oceanic facilities which terminate in Canada;

(ii) non-participation in a central body administering oceanic assets but willingness to negotiate regional arrangements with that body or with any Commonwealth government.

EVAN W. T. GILL

**795.** PCO/Vol. 24

*Extrait du mémorandum du secrétaire, le Comité du Cabinet chargé de la Reconstruction, au ministre de la Reconstruction*

*Extract from Memorandum from Secretary, Cabinet Committee on Reconstruction, to Minister of Reconstruction*

Ottawa, July 6, 1945

Dear Mr. Howe,

I attach for your information a copy of the Minutes of the 5th Meeting of the Cabinet Committee on Reconstruction held July 5th, 1945.[1] May I draw your attention to the following items:

. . .

*IX. Telecommunications Policy.*

The Committee noted the report from the Inter-departmental Committee on Telecommunications outlining possibilities regarding policy for the guidance of Canadian representatives to the Commonwealth Telecommunication Conference to be held in London, commencing July 16th and agreed that Canadian delegates be instructed

(i) that they should reaffirm the policy outlined in the Prime Minister's letter dated March 13th [15th], 1945, to Lord Reith to the effect that the government was prepared to create a publicly-owned company in Canada to operate external communications facilities within Canada, and to cooperate with other telecommunication bodies; that Canada was also prepared to cooperate in the creation of a Commonwealth body possessing the powers of the existing Commonwealth Communications Council and remaining primarily consultative in nature, and

(ii) that Canada was not prepared at the present time to become a member of any central authority owning and operating oceanic assets or telecommunications facilities, nor to acquire any oceanic assets.

. . .

Yours sincerely,

J. R. BALDWIN

**796.** DEA/6231-40

*Le président par intérim,*
*le Comité interministériel sur la politique des télécommunications,*
*au ministre de la Reconstruction*

*Acting Chairman,*
*Interdepartmental Committee on Telecommunications Policy,*
*to Minister of Reconstruction.*

[Ottawa], July 6, 1945

Dear Mr. Howe,

We have recently been advised, through unofficial channels, of the views of the Directors of Cable and Wireless Limited on the Reith proposals for the reorganization of the Commonwealth Telecommunications System. These are briefly described below with some comments on those features which appear to be of most interest from the Canadian standpoint.

The Directors expressed themselves as being strongly opposed to the nationalization proposals since, in their opinion, it would inevitably lead to parallel action in foreign countries, with resultant loss of the company's foreign concessions. This they considered dangerous from a strategic point of view. They also regard nationalization as quite impractical.

The Directors, if they were asked for suggestions, say that they would recommend a continuation of the present setup, which they claim through foresight and efficiency has stood up to the phenomenal strain imposed by wartime conditions. They think that the idea which should be striven for is to achieve even greater unity in Commonwealth communications and are convinced that this could best be done by the present companies agreeing to pool their traffic receipts and then drawing out from that pool an agreed percentage, based on past experience for a given period. This, in their opinion, would have the effect of encouraging the Dominion companies to put as much into the pool as they could in order to increase their withdrawals therefrom. A meeting of the partners to the pool would take place annually. In their view, the adoption of such a scheme would enable companies to conserve their complete autonomy and sovereign rights, and would have the further advantage that it would give to both governments and companies a new and far greater interest and share in the policy of the Commonwealth systems as a whole. Having brought this into effect, the Directors envisage an extension of the pool to admit foreign interests.

Another feature of their proposals is their expressed willingness to extend the Empire flat rate to Empire/foreign and foreign/foreign traffic. While this rate would, in the first instance, have to be higher than the Empire rate, the company would propose to set aside a fixed sum annually to reduce the rates on these classes of traffic until they coincided with the Empire rate. In this way a world flat rate would, ultimately, be attained.

These views, as described above, are of interest for the following reasons,

(a) Agreement is implied but not directly stated to the continued operation of the direct circuits which have been established as a wartime measure between the United States and various parts of the Commonwealth. We feel this aspect of their proposals needs clarification in the London discussions. Their policy seems to be that these circuits would be allowed to function but that their use would be discouraged since it would be in the interests of the various companies to use facilities of the Empire system.

(b) The views, as now expressed, indicate that Cable and Wireless Limited, as presently organized, believe they could operate profitably in the post-war period. This view is directly opposed to that expressed previously by the company when they claimed that the continued operation of the direct circuits would spell the ruination of their company.

(c) Under these proposals external facilities in the Dominion territories could be nationalized or not without affecting the relationship between the various corporations and Cable and Wireless Limited. It would therefore be a matter for later decision as to which course would be followed in Canada.

In the light of the decisions taken by the Cabinet Committee on Reconstruction at their meeting of July 5th, it would appear that these proposals might not be unacceptable to Canada. It would, however, be very helpful to the delegates to the forthcoming conference to have your views, particularly on the attitude that might be adopted by Canada towards the retention of Cable and Wireless Limited and the establishment of a central revenue pool.

Yours sincerely,

EVAN W. T. GILL
for Acting Chairman,
Interdepartmental Committee
on Telecommunications Policy

**797.** DEA/6231-40

*Le ministre de la Reconstruction*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction*
*to Under-Secretary of State for External Affairs*

Ottawa, July 14, 1945

Dear Mr. Robertson:

I have letter of July 6th signed by the Chairman of the Interdepartmental Committee on Telecommunications Policy.

The views of the Directors of Cable and Wireless Limited on the Reith proposals should, I think, commend themselves to the Government of Canada. I have felt throughout these discussions that the proposals of Lord Reith would weaken the management of the Empire Telecommunications System without effecting any great benefit.

Canada has obtained satisfactory service from Cable & Wireless Limited. Our relations with Marconi, Canadian associate of Cable & Wireless, have been satisfactory. There is something to be said for maintaining the present arrangement.

Canada has no desire to block any plan put forward by the United Kingdom in agreement with our sister Dominions and the Colonies, and for that reason alone, we agreed to nationalize the communications section of Marconi, in order to conform with the pattern agreement. We did this reluctantly, and at the same time we expressed the view that Canada did not wish to be responsible for the management of the Telecommunications System as a whole. The new suggestion that Canada shall acquire ownership or partnership in ownership of Trans-Atlantic or Trans-Pacific Cables is one that we are unwilling to consider.

Our only objection to the Cable and Wireless situation is the reluctance to discuss with the United States a common policy that will govern trans-ocean communications. It seems to me that the conference about to be held should press the need for an international understanding. It is obvious that the U.S. is offended at the unwillingness of the U.K. to enter into discussions, and that recent actions detrimental to the operating position of Cable and Wireless is the outcome of that feeling.

I see nothing to which Canada can object in the suggestion that traffic receipts be pooled and drawn out from the pool on an agreed percentage based on past experience for a given period.

I trust that the Canadian delegates to the Conference will be advised of Canada's viewpoint, which in my opinion is expressed above.

Yours sincerely,

C. D. HOWE

**798.** DEA/6327-40

*Rapport de la délégation,*
*la Conférence du Commonwealth sur les télécommunications*

*Report of Delegation to*
*Commonwealth Telecommunications Conference*

SECRET [London,] August 17, 1945

REPORT OF CANADIAN DELEGATION
TO COMMONWEALTH TELECOMMUNICATIONS
CONFERENCE IN LONDON, JULY 16TH TO
AUGUST 3RD, 1945

1. This Conference, under the Chairmanship of Lord Reith, which was attended by representatives of the United Kingdom, Canada, Australia, New

Zealand, South Africa, India and Southern Rhodesia,[52] and an observer from Burma, was concerned with two main proposals, one dealing with the re-organization of the Commonwealth telecommunications services and the other with the telecommunications policy towards the United States.

2. The proposals presented for re-organization of Commonwealth telecommuncations services were those advanced by Lord Reith after his discussions with the various Partner Governments earlier in the year. They involved:

(i) The nationalization of Cable and Wireless Ltd. and its subsidiary companies.

(ii) The replacement of the Commonwealth Communications Council by a central body with considerably greater powers.

(iii) The establishment of an Oceanic Assets corporation to be administered by the central body and to operate telecommunications facilities not within the territorial limits of the Partner Governments.

3. The questions to be discussed by representatives of the Commonwealth countries with the United States authorities were outlined in a paper prepared for the Conference by the United Kingdom Foreign Office[†] and were based upon informal discussions between the United States and the United Kingdom authorities in the spring of 1945.

4. Before leaving for London, the Canadian delegates were instructed by the Cabinet Committee on Reconstruction as follows:

(i) that Canada was not prepared at the present time to become a member of any central authority owning and operating Oceanic Assets;

(ii) that Canada was not prepared at the present time to acquire any Oceanic Assets;

(iii) that Canada was prepared to create a publicly owned Company to operate external telecommunications facilities within Canada and to cooperate with other telecommunications bodies;

(iv) that Canada was prepared to cooperate in the creation of a Commonwealth body possessing the powers of the existing CCC and remaining primarily consultative in nature.

5. On the United States questions, no definite instructions were given, but it was understood that the Canadian delegation should press for a meeting as promptly as possible with the United States in order to settle as many as possible of the existing difficulties.

6. The delegates were also informed early in the proceedings of the Conference that the Canadian Government was quite prepared to retain its

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[52]La note suivante était dans le document:
The following note was in the document:
Delegations from South Africa and Southern Rhodesia were led by the Minister of the Interior, Posts and Telegraphs, and Public Works and the Minister of Finance, Posts and Customs respectively. A senior Treasury official headed the United Kingdom delegation. Our High Commissioner in the United Kingdom led the Canadian delegation, while those from Australia, New Zealand and India were led by senior officers in the Posts and Telegraphs departments.

existing relationship with Cable and Wireless Ltd. and Canadian Marconi Co., and had no objection to some pooling arrangements being worked out along the lines described in the unofficial reports outlining the proposals the Company was expected to make.

7. After the formal opening of the Conference, it was decided that a Committee of Heads of Delegations should examine the Oceanic Assets scheme. When it became clear in these discussions that Canada and South Africa could not accept it, the other delegations were of the unanimous opinion that it should be abandoned rather than establish a new organization in which all the Partner Governments did not equally participate. This decision was endorsed by the Conference as a whole.

8. The Heads of Delegations then considered whether, in view of the Canadian and South African reservations, a practical scheme could be worked out on the basis of the Canberra proposals. As it was their unanimous view that this was possible the proposals were referred to a Constitutional Committee for detailed study and recommendations.

9. Before this Committee undertook the task, it was decided that Cable and Wireless Ltd., and its associated companies, should be given an opportunity to express their views on the Oceanic Assets and Canberra Proposals. Three sessions of the full Conference were used for this purpose and the Companies expressed appreciation for the careful consideration of their views. In brief, the Companies objected to both proposals and queried the need for change, apart from some modifications in the organization of the Commonwealth Communications Council and the adoption of new policies for the reduction of rates and the pooling of revenues (Appendix B of Report).[1] The Companies also argued that nationalization in the Commonwealth might lead to a parallel policy in such countries as Egypt and Portugal to the detriment of the Commonwealth services. In the opinion of the delegates, the Companies proposals did not offer any material prospect for improving relations with the United States with whom their policies in the past had caused resentment. Complying with the Government's wishes, the Canadian delegates recorded their satisfaction with their existing relationship with Cable and Wireless Ltd. and Canadian Marconi Company, but stressed the importance of United States relations and the need for concessions on such questions as direct wireless circuits and rates.

10. Following the discussions with the Companies, the Conference broke up into Committees on Constitution, Technics, International Organization, Rates, Finance, and Relations with the United States (the last named Committee being under the Chairmanship of Mr. Massey).

11. In the Constitutional Committee the wishes of the Canadian and South African delegates on the powers of the proposed new Central Body were fully met. (See paragraph 25 of the Report.) An over-all agreement was drafted for the approval by legislation, if necessary, by all Partner Governments. (See Appendix F of the Report.)

12. In the Finance Committee, the financial aspects of the Canberra Proposals were analyzed in detail. (See Appendix E of the Report.) These fell

into two main problems — those arising in connection with the nationalization process and those relating to the operation and maintenance of the system. Discussion on the first problem led to recommendations that:

(a) Cable and Wireless Ltd., the operating company, and not Cable and Wireless (holding) Ltd., should be acquired;

(b) the Company should be acquired by purchase of the shares rather than of the undertaking, and the basis valuation should be its value as a going concern; and

(c) the price paid by the U.K. and other Partner Governments should be taken as the capitalization of the various National Bodies.

13. On the question of operating arrangements, several methods of allocating maintenance charges were reviewed. These included arrangements of the joint purse type and a division of parcours on a basis mutually agreed. Either of these alternatives were considered to be highly complicated. The question as to whether cable maintenance charges could be based on individual cables was also raised but the delegates felt that any such arrangement would have to be on a fixed charge basis which was neither accurate nor equitable in its incidence.

14. It was decided therefore that the best solution lay in the establishment of a central fund into which net revenues of the National Bodies would be paid. This fund would be used to finance the Central Body and to meet any deficiency of the U.K. Body up to the total cost of cable maintenance. The responsibility of each National Body in defraying these expenses would be in the same proportion as their originating traffic bears to total traffic of the system. Balances to the credit of any National Body after these charges had been met, would then be rebated to them. In view of the instructions given the Canadian delegates our position with regard to these proposals was reserved. It should be noted, however, that the U.K. have agreed to contribute the net revenues from their European telegraph and telephone traffics which comes under the Post Office Department. As this amount was £400,000 in 1938, such an arrangement will reduce the likelihood of a deficit.

15. Under the financial arrangements proposed, revenue from land line services between contiguous countries and Government services such as Ship to Shore, civil aviation and meteorological would be excluded but revenue from other external telecommunication services both telegraph and telephone should be regarded within the scope of the Central Fund. (Revenue from Canada — Newfoundland telephone traffic, not at present included in the Companies Joint Purse agreements would, under the new scheme, be considered as revenue for purposes of the arrangements governing payments to the Central Fund.)

16. In the Conference Report net revenue is defined as being gross revenue less normal operating and administrative charges (including 3% interest on invested capital), and out payments for terminal and transit charges but before Corporation and profit taxes. In practice, the originator of message would initially retain a much higher percentage of the toll charge than has been the case in the past. Whereas the Canadian Marconi Company retains 37% now

and pays 63% to Cable & Wireless Ltd. as the proportion due for transmitting the message over the system, in the future the Canadian National Body would normally retain the full amount less terminal (and in some cases transit) charges.

17. The Committee on Rates, Technics, and International Organization were on occasion attended by the Company representatives. Their reports are in general not controversial in character except on the question of rates, where it was unanimously felt that the views of Cable and Wireless Ltd. and its associates would be much less acceptable to the United States than those under consideration by the Conference.

18. The Committee on Relations with the United States endorsed a recommendation to the Partner Governments that they should agree to attend a conference on Commonwealth-United States matters in Bermuda about November 15. (It had been previously ascertained that the place and time for the conference would be acceptable to the United States.) They outlined an Agenda for such talks (see paragraph 55 of the Report) and made suggestions as to the concessions which Partner Governments might make on various items on the Agenda. (See paragraphs 55, 58, 64, 65, 66 and 69 to 83 of the Report.)

19. During the Conference meetings, a new Government came into office in the United Kingdom, committed to an extensive programme of the nationalization for coal, banking and heavy industries, but not including any reference to telecommunications. As a consequence, it was realized that the nationalization of telecommunications might not have a high priority on the legislative programme of the new Government. It was also felt that the more conciliatory attitude shown by the Companies, the possible complications arising from the foreign concessions problem, and the inevitable delays before nationalization could be complete, made advisable the drafting of a supplementary agreement between the Partner Governments to cover the interim period before full nationalization could be achieved. Such an agreement is outlined in Appendix G of the Report and is for early consideration by the Partner Governments. It is designed to increase the powers of the Partner Governments over Cable and Wireless Ltd. and associated companies, and to give the present Commonwealth Communications Council as many powers as are feasible of the proposed new Commonwealth Telecommunications Board. During the interim period, the United Kingdom representatives will negotiate with Cable and Wireless Ltd. to see if the advent of a Labour Government will not make the Company more prepared to accept an offer to purchase it as a going concern without recourse to legislation and arbitration.

20. The Canadian Government is therefore asked:

(i) to approve as speedily as possible the supplementary agreement outlined in Appendix G of the Report;

(ii) to agree to the acceptance of the overall agreement outlined in Appendix F when Cable and Wireless Ltd. has accepted nationalization; and

(iii) to study the Agenda for the Bermuda Conference to which Canada will be invited and about which further exchanges of opinion will take place between the Partner Governments.

In that connection, the Government should consider the possibility of renouncing its present preferential rate for government telegrams. Such a rate is not available by the United States Government and this "discrimination" is resented. If the preference were abolished by the Partner Governments, the extra amount of revenue secured by Cable and Wireless Ltd. would be immediately applied to a reduction of the new world flat rate which it is prepared to introduce. The Companies estimated that the rate would then be reduced from 2 s. to 1-10 pence and such a cut would reduce the gap between the world flat rate and the present Imperial rate of 1-3 pence. The delegates of the United Kingdom, South Africa, and India recommended the abolition of the preferential rate. The delegates of Australia, New Zealand, Burma, and Southern Rhodesia are willing to submit the proposal to their governments, but are somewhat reluctant to accord this concession to a private company. The Canadian delegation feels that the Government might declare its willingness to concur in the abolition if other Partner Governments are prepared to do so.

21. The Canadian delegation wishes to record its appreciation of the excellent preparations made for the working of the Conference and the efficiency displayed by the Secretariat. The hospitality given by the United Kingdom to the delegates from the Partner Governments could not have been more generous or thoughtful.

F. H. SOWARD,
for Canadian Delegation[33]

**799.** DEA/6231-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1929 London, October 16, 1945

CONFIDENTIAL. Southern Rhodesia No. 356. Confidential. My telegrams Circular D. 1547, Southern Rhodesia No. 289, of August 24th,† and Circular D. 1779, Southern Rhodesia No. 331, of September 22nd,† Commonwealth telecommunications services.

We should be grateful for an early intimation of views of other Governments regarding recommendations of Commonwealth Telecommunications Conference. It will be desirable to make some public statement in advance of

[33]Outre le haut commissaire, les membres de la délégation étaient W. A. Rush et le lieutenant-colonel E. W. T. Gill.
The other members of the delegation, besides the High Commissioner, were W. A. Rush and Lt. Col. E. W. T. Gill.

proposed discussions next month at Bermuda with the United States Government so that United States may appreciate status of Cable and Wireless Limited in relation to these discussions. As time is so short, we have, therefore, been considering here adoption of more permanent arrangements as regards chairmanship of Commonwealth Communications Council on assumption that Commonwealth Governments agree with proposals in Conference report.

We now, therefore, propose that Lord Reith should be appointed Chairman of Commonwealth Communications Council with a view later to his appointment as Chairman of projected Commonwealth Telecommunications Board. Lord Reith is prepared to accept appointment if this is the unanimous desire of partner Governments. Matter was discussed by the heads of delegations at close of Commonwealth Telecommunications Conference and it appeared that his appointment would be universally welcomed. We should be grateful if we could be informed at an early date whether other partner Governments concur.

**800.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] October 17, 1945

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COMMONWEALTH COMMUNICATIONS; CANADIAN POLICY

18. THE SECRETARY submitted a report from the Interdepartmental Committee on Telecommunications Policy.

The Commonwealth Telecommunications Conference, which had met in London in July, 1945, had recommended the nationalization of Cable and Wireless Limited and its subsidiary companies, the replacement of the Commonwealth Communications Council by a new Commonwealth Telecommunications Board (with wider powers but primarily consultative in nature) and a special interim arrangement to cover the period necessary to complete re-organization.

The Conference had also recommended that a Commonwealth-U.S. Telecommunications Conference be held in November in Bermuda. This had now been arranged.

The Interdepartmental Committee recommended:

(a) that consideration of the main proposals relating chiefly to operating and financial aspects of the reorganization be left in abeyance for the time being;

(b) that the government re-affirm willingness to nationalize external telecommunication facilities and agree to subscribe to the supplementary agreement between partner governments to cover the interim period; and

(c) that the government agree to participate in the Commonwealth-U.S. Conference, scheduled to take place at Bermuda in mid-November.

Copies of the report had been circulated.

(Report of Interdepartmental Committee and Appendix "A", Oct. 11, 1945 — Cabinet Document 89).[1]

19. THE CABINET, after discussion, approved the recommendations contained in the report submitted by the Interdepartmental Committee, it being understood that the composition of the Canadian delegation to the Conference be agreed between the Minister of Reconstruction and the Department of External Affairs.

. . .

**801.** DEA/8085-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1948 London, October 18, 1945

IMMEDIATE. Southern Rhodesia No. 362. My telegram of 16th October, Circular D. 1931,[1] Southern Rhodesia No. 357.

United States Government have now accepted proposal for Conference and we accordingly issue cordial invitation to Governments of Canada, Commonwealth of Australia, New Zealand, Union of South Africa and Southern Rhodesia to send representatives. Arrangements are being made for issue in afternoon of Saturday, 20th October, of announcement contained in my immediately following telegram.[1]

**802.** DEA/6231-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au secrétaire aux Dominions*

*Acting Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 240 Ottawa, October 20, 1945

Addressed London, No. 240, repeated to Canberra No. 19, Wellington No. 19, Pretoria No. 15, New Delhi No. 95, Prime Minister Southern Rhodesia.

1. Your telegrams D. 1929, 1931,[1] 1948 and 1949,[1] Bermuda Conference. After consideration of the report[1] of the Commonwealth Telecommunications Conference 1945, the Canadian Government have decided (1) to reaffirm their willingness to nationalize external telecommunication facilities and to accept the principle of a change to public ownership of the Commonwealth Telecommunication services; (2) to subscribe to the supplementary Agreement between the partner governments as set out in Appendix G to the Report, to

cover the interim period before the full scheme can go into effect;[54] and (3) to give further consideration to the detailed recommendations of the report in the light of the conclusions reached at the Bermuda Conference.

2. The Canadian Government concurs in the appointment of Lord Reith as Chairman of the Commonwealth Communications Council and in his projected appointment as Chairman of the Commonwealth Telecommunications Board.

3. We are glad to accept the invitation to the Bermuda Conference and are in agreement with the revised agenda[55] with the omissions suggested by the United States Government.

**803.** DEA/6327-40

*Mémorandum du secrétaire,*
*le Comité interministériel sur la politique des télécommunications,*
*au Cabinet*

*Memorandum from Secretary,*
*Interdepartmental Committee on Telecommunications Policy,*
*to Cabinet*

SECRET [Ottawa] November 2, 1945

U.S.-COMMONWEALTH TELECOMMUNICATIONS CONFERENCE;
CANADIAN POLICY

1. The Cabinet, at their meeting of October 17th, agreed that the Canadian government, as a preliminary step in the reorganization of Commonwealth telecommunications, should subscribe to an interim agreement extending the functions of Commonwealth Communications Council. Notification has been received of parallel action on the part of all the partner governments except Australia, but there is every reason to suppose that they also will agree. Thus the implementation by Commonwealth interests of any agreement reached in the forthcoming U.S.-Commonwealth talks will be greatly facilitated.

2. The Cabinet also agreed at their meeting of October 17th that Canada should participate in the U.S.-Commonwealth Conference which is scheduled to be held in Bermuda commencing November 19th. While Canada is not as directly concerned as the other Commonwealth governments in the outcome of these questions, it is very much in the Canadian interest to further an amicable settlement of the various problems in order that uncontrolled competition and rate wars may not be the result of disagreement and the friendly relations existing between the Commonwealth and the United States be correspondingly affected.

3. The policy to be adopted towards the U.S. was a major topic of discussion at the Commonwealth Telecommunications Conference held last summer and the attitude that the partner governments might take on the various questions

[54]Voir le paragraphe 19 du document 798./See Document 798, paragraph 19.
[55]Voir le paragraphe 4 du document 804./See Document 804, paragraph 4.

formed the subject of recommendations in that report. The Interdepartmental Committee on Telecommunications Policy have considered the relevant section of the report and now submit the following comments and recommendations regarding the two major subjects upon which the Canadian delegation should be instructed: i.e., rates and the future policy with respect to direct circuits.

*Rates*

4. The problem of fixing rates to be charged for telegrams and cables has many ramifications. They include the determination of the basis of charging and accounting that should be advocated; the levels at which rates should be fixed; the rates that should be applicable to messages for governments and the press; and measures to simplify the rates structure by the unification of code and plain language tariffs; and the possible elimination of supplementary rates.

5. The main question, however, arises from the existence of an Empire preference providing, in many cases, lower rates within the Commonwealth than are available to other states. The other Commonwealth members will, no doubt, be prepared to narrow the gap but, in our opinion, will not be ready to commit themselves to its ultimate abolition. A 20% tolerance between Commonwealth and foreign traffic rates, it has been suggested, might be acceptable to U.S. authorities, but we are inclined to doubt the accuracy of this conjecture in view of statements appearing in the U.S. press.

6. The Committee is of the opinion that Canada's interest would best be served by the establishment of a low world flat rate and for that reason, the Canadian delegation should be authorized to advocate the reduction of the Empire preference or even its extension to other countries, and that to attain the end in view, we should also be willing to forego the special rates which are now in effect. This might mean the abandonment of the half rate for government messages, but, in the Committee's opinion, such a step would not involve a great financial sacrifice if external Communications are being operated, as is the intention, by a government-owned company.

7. Another aspect of the problem is the press rate which, during the war, has been *1*½*d* a word, a level which is reported to be quite uneconomical and which the U.S. companies have charged is, in effect, subsidized. Present proposals are that U.S. and Commonwealth agree that it be advanced to its pre-war rate of 2¼*d* or 4¢ as a step towards the adoption of a world rate. Here again, Canada's interest is more in having agreement reached on the matter rather than in advocating any definite rate and we believe that some compromise might be effected within the range given above.

8. Accordingly, on the rates question, the Committee suggests that the delegates be instructed as follows:

(a) that it be recognized that Canada's interest is in the attainment of a low world flat rate and that the Canadian delegates should support measures designed to bring this about;

(b) that in order to further the objective of a low world flat rate, the Canadian government is prepared to agree to the narrowing and possible elimination of the Empire preference, the unification of code and ordinary

rates, the simplification of subsidiary rates and the elimination of special government rates;

(c) that the adoption by the U.S. and Commonwealth of a uniform press rate be supported as a step towards a world rate with provisions by which newspaper organizations could, if they so wished, lease private wires or private time for their own purposes; and

(d) that the adoption of a system of charging and accounting on the sterling dollar basis be supported.

*Direct Circuits*

9. This question arises from the establishment, during the war, of direct wireless circuits between the U.S.A. and certain Commonwealth countries such as Australia, New Zealand and India. Since Canada has no such circuits, interest is therefore chiefly in the criteria which are proposed to govern, in the future, the establishment or retention of direct circuits.

10. On this matter, the Committee found themselves in general agreement with the recommendations in the Commonwealth Telecommunications report and recommend that the following policy be accepted by the Canadian government and thus serve as a guide to the Canadian delegates:

(a) partner governments wishing to open any new direct circuit should, in future, only do so after reference to and consultation with the Commonwealth Communication Council or its successor body; as

(b) except in the case of over-riding political necessity, which is recognized as being a matter for decision by each partner government, direct circuits should, in future, be justified on a basis of terminal traffic and service needs;

(c) the routing of transit traffic over direct circuits to foreign countries should be resisted as far as possible; and

(d) such concessions as partner governments might decide to make to the United States within the limits of the above formulae should only be made as part of a general settlement between the Commonwealth and the United States on telecommunication matters[56]

EVAN GILL

[56]Approuvé par le Cabinet le 7 novembre 1945./Approved by Cabinet, November 7, 1945.

**804.** DEA/8085-40

*Le président, la délégation,*
*la Conférence des Bermudes sur les télécommunications, au président,*
*le Comité interministériel sur la politique des télécommunications*

*Chairman, Delegation to Bermuda Telecommunications Conference,*
*to Chairman, Interdepartmental Committee on Telecommunications Policy*

DESPATCH Ottawa, December 13, 1945

SECRET

Sir,

I have the honour to submit the following report on the proceedings of the Bermuda Telecommunications Conference held at the Belmont Manor Hotel in Bermuda between November 22 and December 4, 1945.

1. This Conference was convened for the purpose of discussing and settling, if possible, outstanding issues in the field of telecommunications policy which had arisen between the United States and the Governments of the British Commonwealth. It was attended by delegations from the United States, the United Kingdom (which also acted for Southern Rhodesia), Canada, Australia, New Zealand, South Africa, and India. The United States delegation of nineteen was headed by the Honourable James Clement Dunn, Assistant Secretary of State, who acted as Chairman of the Conference, and included the Chairman of the Federal Communications Commission, the Director of the Office of Transport Communications Policy of the Department of State, the Senior Communications Officers of the Army and Navy, and representatives of the Department of Commerce and the Treasury. The United Kingdom delegation of fourteen, including advisers, was headed by Sir Raymond Birchall, Deputy Director General of the Post Office, and included representatives of the Post Office, Treasury, Foreign Office, Bank of England and the Armed Services. The Australian delegation was headed by Mr. S. H. Witt, Chief of Research in the Postmaster General's Department, the New Zealand by Mr. P. N. Cryer, Deputy Director General, Post and Telegraphs, the South African by Mr. E. C. Smith, Under-Secretary of Telecommunications, and the Indian delegation by Sir Gurunath Bewoor, Secretary, Posts and Air Department. The majority of the Commonwealth delegates had participated in the Commonwealth discussions of last July. The Commonwealth Communications Council was represented by its Acting Chairman, Sir Claude Hollis.

2. As authorized by the Cabinet the Canadian delegation consisted of the following:

Mr. F. H. Soward, Department of External Affairs . . . Chairman.
Mr. W. A. Rush, Controller of Radio, Department of Transport.
Mr. W. E. Connelly, Department of Transport.
Mr. C. J. Acton, Department of Transport.
Colonel W. L. Laurie, Department of National Defence.

G/C C. J. Campbell, Department of Reconstruction.
Lt. Col. E. W. T. Gill, Privy Council Secretariat.

Messrs. Soward and Rush were authorized to sign any agreements which might be reached at the Conference, subject to ratification or approval by the Canadian Government.

3. In addition to the official delegations, the Conference was open to representatives of private communications companies. No less than seventeen representatives were present from American corporations which included — American Cable and Radio, Western Union Telegraph, Radio Corporation of America, R.C.A. Communications Incorporated, Radio Marine Corporation of America, Press Wireless Inc., American Telephone and Telegraph, Tropical Radio Telegraphs, Associated Press, and United Press. The British Commonwealth private companies included — Cable and Wireless Limited, Amalgamated Wireless (Australasia) Limited, Canadian Marconi, Canadian National Telegraphs and Canadian Pacific Telegraphs. Representatives of the companies attended the Conference in the capacity of observers. Excepting such sessions of the Conference or Committees as were declared executive sessions, they were free to attend any meetings of the Conference or its Committees. They were likewise available for consultation by the delegations of their respective countries. By general consent, this innovation, so far as the British Commonwealth was concerned, in conference procedure was most useful.

4. The Agenda for the Conference had been the subject of United States and United Kingdom conversations in London last Spring, and had also been carefully studied by the British Commonwealth delegates at the Conference in London in July. A further exchange of telegrams between the participating Governments resulted in the following agreed agenda:

1. Telecommunication rates for commercial, Government and press messages and division of the tolls; treatment of press instructional messages.

2. Future of transatlantic cables, maintenance of cables, including operation of cable ships.

3. Continuance of existing and possible establishment of new direct radio telegraph or radio telephone circuits.

4. Procedure for recording any agreement reached as a result of the discussions and exchange of information on methods of securing the implementation of such agreement.

5. It had originally been intended that the Conference should also discuss allocation of radio frequencies and other topics which would be of importance for the projected World Telecommunications Conference that may be held at the close of 1946. At the request of the United States Department of State, these items were not included in the Agenda, but it was understood that informal conversations might take place at Bermuda between members of the delegations who were interested in these topics. This understanding was the basis for the relatively large representation of the United States Army and Navy at Bermuda and for the presence of members of the Armed Services

from the United Kingdom and Canada. Several meetings were held on an informal basis under the Chairmanship of the Assistant Staff Engineer of the United Kingdom Post Office. No official record was made of these meetings nor was any reference to them made in the proceedings of the Conference. It is understood, however, that the meetings did produce a valuable exchange of views which, while not committing the delegations concerned to any fixed line of policy clarified their understanding of each other's position.

6. The Conference was formally opened by the Acting Governor of Bermuda on November 22. A Plenary Session then followed under the Chairmanship of the Hon. James Dunn. At this Session it was decided to set up four main committees to deal with the topics of the Agenda. These Committees were as follows:

(a) Rates and Circuits Committee. Chairman . . . Mr. F. H. Soward, (Canada).

(b) Technical Developments Committee. Chairman . . . Major General F. E. Stoner, (United Sates).

(c) Exclusive Arrangements Committee. Chairman . . . Mr. R. A. Gallop (United Kingdom).

(d) Cable Committee. Chairman . . . Rear-Admiral J. R. Redman, (United States).

(e) Drafting Committee (No formal Chairman required).

The first four Committees reported to the Conference sitting as a Committee of the whole, under the Chairmanship of Mr. Soward, which in turn submitted its report to the closing Plenary Session on Tuesday, December 4th. When required, a Committee of Heads of the Delegations met under the chairmanship of either Mr. Dunn or Mr. Soward to plan arrangements for committee meetings.

7. Because of the controversial aspects of the topics assigned to it, the Committee on Rates and Circuits was attended by almost all the delegates as well as by the company representatives. It held ten meetings between November 22 and November 30. To further its discussions, the following Sub-Committees were appointed:

(a) Traffic. Chairman Mr. W. H. Norfleet, (United States).

(b) Currency. Chairman Mr. R. J. P. Harvey, (United Kingdom).

(c) Press. Chairman Sir Gurunath Bewoor, (India).

(d) Terminal and Transit Charges. Chairman Mr. W. H. Norfleet (United States).

8. The Rates and Circuits Committee began its work by agreeing to discuss in alternate Sessions direct circuits and rates. The United States proposals on both these topics were circulated at the opening meeting (See Annex A)[1]. In the discussion of Radio circuits, the United Kingdom delegation stressed the importance of accepting a formula for the operation of existing ones or the creation of new circuits to prevent their indiscriminate establishment without regard to economic considerations. Their suggested formula was referred to the

Sub-committee on Traffic, which subsequently reported that it found it impossible to reconcile the views of the United States and the United Kingdom on this question in view of the fact that the United States representatives were convinced that no definitive formula could be evolved for general application. The Indian delegation then put forward a more general formula which was considered more favourably by the United States. Based on the terms of this formula, the United States delegates then presented on behalf of their private companies a statement giving their views on which existing circuits should be retained or which new ones should be authorized. After considerable discussion, reinforced by two private meetings between leading members of the United States and the United Kingdom delegations, a traffic formula for direct circuits was evolved and agreement reached as to which circuits, old or new, should be permitted. The details of these arrangements may be found in Article I of the Agreement signed at Bermuda (See Annex B)†.

9. In accepting these circuits, the British Commonwealth delegations stressed the importance of limiting their use to terminal traffic, while the United States had originally requested the removal of all such limitations. A prolonged discussion and an exchange of drafts eventually resulted in the adoption of the following formula for restricting transit traffic:

"The traffic normally handled over direct radiotelegraph circuits shall be restricted to traffic originating in and destined for the countries between which the circuits are operated. This does not preclude the use of such circuits as *voies de secours* in emergency. Transit traffic may be handled over direct radiotelegraph circuits in any case where it is agreed that it would otherwise be subject to excessive delay."

The acceptance of this formula materially reduced the concern felt by the British Commonwealth delegations that unrestricted use of direct circuits might seriously affect the cables system of the Commonwealth.

10. Once the question of circuits had been settled, progress was rapid in reaching agreement on a rate structure. All delegations shared the opinion that existing world rates were often too high and that adjustment was necessary. British Commonwealth delegates also felt that the aim in the fixing of an economic rate should take into account the operating cost of an integrated system comprising both radio and cable facilities. In their opinion, the United States proposal of the twenty cent rate plus land-line charges was not feasible. It was decided to have the varying Proposals studied by Sub-committees on Press, Currency and Terminal and Transit Charges. Based on their recommendations, and the discussions that followed, general agreement was reached on a ceiling rate between the United States and the British Commonwealth of 30¢ (U.S.) per word for ordinary messages and 20¢ (U.S.) per word for code. It was likewise agreed that the proposed rate schedule should involve no increase in existing rates. The adoption of a ceiling rate was to be contingent upon the acceptance of uniform terminal and transit charges which for Canada as a country of extensive area would be 4¢ (U.S.) and 3⅓¢ (U.S.) respectively. These proposals paralleled those which the United Kingdom delegates had presented for the consideration of the other British Commonwealth delegations

before the Conference opened. Two other proposals advanced by the Commonwealth countries were not acceptable to the United States. One recommended the abolition of reduced rates for Government messages in order to offset in part the anticipated loss of revenue from a reduction in rates. Since the United States Government felt unable to support this recommendation, it was withdrawn. The other proposal, that the Empire press rate of one penny per word should be extended to Commonwealth-U.S. traffic was regarded as uneconomic by the United States. They offered no objection to its retention by the Commonwealth but asked that the ceiling rate between the Commonwealth and the United States should be placed at 6½¢ (U.S.). If the Commonwealth wished to retain its present rates to other countries, the United States would offer no objection. The United States proposal that the rate for urgent messages should be reduced from 2 to 1½¢ times the rate for ordinary messages was not acceptable to the British Commonwealth delegations which felt that the reduction in rates justified the current urgent rate for telegrams of that category. On other questions affecting the press, the Conference recommended the provision of private channels for point to point traffic when such channels were available. The reception of multiple press address radio communications, strongly desired by United States interests, was agreed to by the United States, the United Kingdom and Canada and accepted in more restricted terms by the Delegations of Australia, New Zealand, South Africa, India and the Colonies. By general agreement no discussion took place on the question of the reduction of the numbers and classes of telegrams which was left for consideration at a future conference. The United States could not accept a formal agreement precluding any reduction in rates before the World Telecommunications Conference, but gave assurances that such reductions were most unlikely. This concession was welcomed by the British Commonwealth delegations who had been disturbed by the extensive rate cutting in the past six months.

11. The United States and British Commonwealth delegates were also in agreement that, so far as they were concerned, accounts and tariffs should be fixed on the basis of the United States dollar and the pound Sterling instead of on the gold franc basis which has proved unsatisfactory under present conditions. It was the view of the Conference that any nation which wished to adhere to the rates structure proposed at the Bermuda Conference should likewise be expected to accept the Sterling-Dollar Basis for accountancy purposes. No definite date was fixed for the introduction of the new rates but it was agreed that all changes should come into effect not later than April 1, 1946.

12. The Committee on Technical Developments held only two meetings. The first was largely concerned with the demonstrations of the teletypewriter system as used by both the United States Army and Navy. Demonstrations included two-way teletypewriter conversations with Tokyo, Manila and Berlin. The Committee presented a resolution recommending the study of the teletypewriter system by the International Telegraph Consultative Committee and the International Consultative Committee for Radio Communications

which would be presented by the United States. It also approved of a recommendation for a meeting to be held in Washington in January 1946 to witness "demonstrations of the relative merits of distance indicators for air navigation developed by the United States operating on a thousand megacycles and by Canada operating on two hundred megacycles."

13. The Exclusive Arrangements Committee was concerned with a topic which involved directly only the United States and the United Kingdom. This problem was the exercise of monopoly rights by Cable and Wireless Limited in countries where the United States wished to acquire concessions for its private companies. In examining the general subject it was discovered, to the surprise of the United States, that an American Company had obtained similar exclusive privileges in certain Central American States. The Committee drafted a formula by which the Signatory Governments declared that they

"Shall neither support nor approve efforts by telecommunications companies subject to their respective jurisdictions to prevent or obstruct the establishment of direct circuits between the United States or British Commonwealth points and other countries, and will take such steps as may be appropriate to discourage any such efforts."

The United States and United Kingdom representatives also signed a protocol by which the United Kingdom agreed to assist the United States in securing concessions in Saudi Arabia, and Greece, where at present Cable and Wireless Limited exercise a monopoly.

14. The Cables Committee was originally intended to study the re-allocation of cables in the North Atlantic and the Caribbean. As the United States had not reached an agreed policy on this question, the Cables Committee could do little more than give a description of the existing cables which served the United States and the British Isles and recommend the continuance of existing arrangements for consultative and cooperative action. The most important feature of the report was perhaps its declaration that "Cable communications play a vital role in a coordinated telecommunications system, and that for the ultimate development of telecommunications service the existence of both radio and cables is essential." The United Kingdom, in particular, welcomed this declaration, which appeared in less clear-cut fashion in the Agreement.

15. The Drafting Committee met after the reports of the other Committees had been approved and from the nature of its work was restricted in membership. The Commonwealth delegations other than the United Kingdom, were represented only by Sir Gurunath Bewoor (India) and Lieutenant-Colonel E. W. T. Gill (Canada).

16. In summary, it may be said that the Bermuda Conference was a distinct success. The Canadian delegation has no hesitation in recommending approval

by the Canadian Government of the Agreement.[57] As a result of its deliberations, with the possible exception of allocation of radio frequencies, there remain no outstanding unsolved issues in the field of telecommunications between the United States and members of the Commonwealth. The agreement on direct circuits removes from the area of discussion a vexed topic which has caused difficulties for almost fifteen years. The proposed establishment of a United States-Commonwealth ceiling rate and willingness to extend it to any other country should prove of benefit to world trade. It has been introduced without necessitating the abolition of the Empire preference which still remains with a "tolerance" of twenty percent. The fear of prolonged and uneconomic rate cutting between the United States Companies and the British Commonwealth Cable and Radio Systems has been largely dispelled. The provision for consultation on all matters coming within its purview of the Government removes most of the danger of unilateral action. So far as Canada is concerned, the chief gains arise from the improvement in the relations between the United States and the United Kingdom. Since the bulk of Canadian communications are with the United States or with the United Kingdom and the Commonwealth, Canadian users gain little by the rate reductions except for traffic to Bermuda, the West Indies, British Guiana, and British Honduras, where the rate has been cut to a shilling. On the other hand, the Canadian Government was not asked to surrender its reduced rate for government messages which it had been prepared to do in order to facilitate further reduction of rates. The Canadian Press will gain by the retention of the existing Empire Penny Press Rate which had been originally designed for the period of the war only. From the formula worked out for uniform terminal and transit charges, Canada as a country of extensive area will receive as high proportions for these charges as any country which adheres to the Agreement.

17. In closing, the Canadian delegation would wish me to record their appreciation of the hospitality extended to them by the Government and people of Bermuda and their admiration for the efficiency of the Secretariat to the Conference provided by the United Kingdom. It is a pleasure to be able to add personally that the Canadian delegates worked harmoniously and efficiently and played their full part in furthering the success of the Conference.

I have etc.

F. H. SOWARD

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[57]La notification de l'accord fut déposée le 28 février 1946. Canada, *Recueil des traités*, 1945, N° 14.

Notification of agreement was deposited on February 28, 1946. Canada, *Treaty Series*, 1945, No. 14.

## PARTIE 6/PART 6
## NATIONALITÉ
## NATIONALITY

**805.** DEA/8204-40

*Le secrétaire d'État aux Affaires extérieures*
*aux hauts commissaires aux pays du Commonwealth*

*Secretary of State for External Affairs*
*to High Commissioners in Commonwealth Countries*

CIRCULAR TELEGRAM Ottawa, September 27, 1945

Addressed to London No. 2234, Dublin No. 26, Pretoria No. 121, Canberra No. 426, Wellington No. 55.

The Government is proposing to introduce a Canadian Citizenship Bill shortly. At the earliest opportunity copies will be sent by airmail.

2. While it is impossible to give the details of the Bill until some further drafting questions have been settled, it is likely that it will be along the following lines —

(a) Naturalization Act, Canadian Nationals Act, and some provisions in Immigration Act are likely to be repealed;

(b) The Bill will define the conditions under which one will acquire the status of a natural-born Canadian citizen. These conditions will be not less rigorous than those which determine the position of a natural-born British subject under present Canadian legislation or under British Nationality and Status of Aliens Act, and, in some respects, they will be more rigorous,

(c) The Bill provides for the issuing of certificates of Canadian citizenship to persons who are not natural-born Canadian citizens, the conditions being not less rigorous than those prescribed for naturalization under existing legislation;

(d) The Bill provides for the revocation of certificates and for loss of citizenship. It is possible that status will be lost more readily and in shorter time periods than under existing legislation.

(e) Under the Bill, all Canadian citizens will be subjects of His Majesty. Speaking generally, persons who are now Canadian citizens under existing legislation will be recognized as Canadian citizens under the Bill.

(f) Persons acquiring the status of British subjects, or other national status under the laws of other parts of the British Commonwealth, will be recognized as possessing the status of a subject of His Majesty within Canada,

(g) The Bill is being drafted upon the assumption that the other parts of the British Commonwealth will give due recognition to persons who acquire the status of subjects of His Majesty and Canadian citizens under the provisions of this legislation,

(h) Provision will be made for the status of aliens;

(i) There are ancillary provisions relating to procedure, and general matters;

(j) The most striking departure from present practice is elimination of married women from the disability provisions and establishment of equality between the sexes.

3. It is desired that you should bring the general nature of this legislation to the attention of the government to which you are accredited.

**806.** DEA/8204-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2947 London, October 10, 1945

CONFIDENTIAL. Your telegram No. 2234 of September 27th, proposed Canadian Citizenship Bill.

2. Letter, in sense of your foregoing telegram, sent to Secretary of State for Dominion Affairs on 28th September.[1] Answer has now been received, relevant portion of which reads as follows:

"I have forwarded to the authorities here, who are chiefly interested, a copy of your letter of 28th September, about the contemplated Canadian Citizenship Bill. The proposals mentioned in your letter raise certain important questions which have been discussed at past Imperial Conferences. We should, accordingly, like to have an opportunity of considering the draft Bill or the proposals in detail with a view to possible further discussion before the Bill is introduced. We should be grateful, therefore, it you could inform the Canadian Government to this effect and arrange for us to have the above information as soon as it may be available."

3. It is assumed that you do not contemplate any discussions with United Kingdom authorities on terms of Citizenship Bill. Matter is a trifle delicate, however, and I would thus appreciate indication of nature of answer I may suitably give Lord Addison.

**807.** DEA/8204-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Acting Under-Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

DESPATCH 1731 Ottawa, October 12, 1945

IMMEDIATE

Sir —

Referring to your telegram No. 2947 concerning the proposed Canadian Citizenship Bill, the Secretary of State of Canada has furnished two advance

copies of the text of the Bill for the information of the United Kingdom Government. These copies are enclosed.' There will be a few changes in drafting which will not affect the substantive provisions of the Bill so that it is likely that this text will indicate the nature of the measure which will be introduced in the House of Commons.

In transmitting these prints to the United Kingdom authorities for information, it is desired that you should let them know that it will probably not be possible to defer the introduction of the Bill in the House of Commons owing to the exigencies of the Parliamentary program. The Secretary of State has intimated that he would be very glad indeed to have any observations which the United Kingdom Government may desire to make before the Bill is considered in Committee. In view of the shortness of time, you might send any observations which may be made by telegram.

In bringing the provisions of the Bill to the attention of the United Kingdom authorities, you might refer to Part IV dealing with Status of Canadian Citizens and Recognition of British Subjects, including Section 24, 25, and 26.

The United Kingdom authorities will undoubtedly agree that the Bill in its present form adequately protects all of the positions which have been the subject of discussion among the governments of the British Commonwealth from time to time.

I have etc.

J. E. READ

**808.** DEA/8204-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Acting Under-Secretary of State for External Affairs to High Commissioner in Great Britain*

Ottawa, October 18, 1945

Dear Norman [Robertson] —

You will have seen the telegrams between Canada House and External Affairs concerning the draft Citizenship Bill indicating that there is some likelihood of the United Kingdom authorities making some representations on the Bill. The Secretary of State is concerned about the matter as it is planned to introduce the Bill in the House not later than Monday next. There would be no difficulty in meeting suggestions for minor amendments, but it would be most embarrassing to back away from the main principles of the Bill, bearing in mind the speech from the Throne.

Mr. Martin took the matter up with his colleagues in Cabinet and they are of the opinion that they should go ahead in Parliament and put the Bill through, even although there may be reasonably strong opposition from the United Kingdom authorities. They will be prepared to consider amendments designed to make the legislation more workable, but there seems to be no doubt

that they will refuse serious consideration to any amendments which would strike at the heart of the principle of the Bill.

It is possible that the United Kingdom officials may be discussing this matter with you and, in that case, you will want to be fully familiar with the position.

The legislative course embodied in the Bill was, in reality, forced on the Canadian Government by the non-cooperative attitude of Downing Street at the 1937 Conference and again in the attempts to work out principles governing responsibility for protection, relief and repatriation in enemy and enemy-occupied countries.

The Bill itself maintains the common status and, in view of the maintenance of minimum standards, it is considered that it would not come within the principles of the undertaking set forth in Conclusion (2) under Nationality in the Imperial Conference Report, 1930.[58] It will be as difficult, or even more difficult, for a person to become a Canadian citizen and, consequently, a British subject than under the existing legislation. On the other hand, we shall more readily revoke the status acquired under Canadian law and it will be easier to lose the status of being a British subject.

We have always felt that it was nobody's business but our own if we choose to impose an additional requirement, e.g., our First Papers procedure as a condition precedent to acquiring the common status in Canada. Further, we have always considered that it is no business but our own if we choose to cut off the status acquired under Canadian law in a shorter period of time than can be done with a similar status acquired under the law of another part of the Commonwealth. Notwithstanding the fact that we have maintained the common status and the standards, we have circulated a summary of the Bill to all Dominions and drafts by airmail from day to day.

Personally, I think that the Bill is a good Bill which should be carried through even if representations are made. It preserves every substantial interest covered by the existing legislative position and maintains the common status. At the same time, it will settle permanently, and on a basis which is fair to all governments concerned, problems such as immigration, deportation, protection, relief and repatriation of Canadian citizens abroad, and similar questions. It will not add a single person to the British charge. At the same time, it accepts complete Canadian responsibility for groups of individuals whom the British have been urging us to accept for at least fifteen years, to my own personal knowledge.

Yours sincerely,

J. E. READ

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[58]Voir le volume 4, document 191./See Volume 4, Document 191.

**809.** DEA/8204-40

*Mémorandum*
*Memorandum*

[Ottawa,] November 27, 1945

RE: UNITED KINGDOM REPRESENTATIONS CONCERNING CANADIAN CITIZENSHIP BILL

1. Mr. Stephen Holmes, the United Kingdom Deputy High Commissioner, called this afternoon, November 27th, to discuss certain points that had been raised by the United Kingdom authorities with regard to the Canadian Citizenship Bill.

2. Mr. Holmes said that the United Kingdom authorities felt that the Canadian Bill, with its new approach to the question of common status, represented an important departure from the principles that had thus far been in application. They referred to the agreements at the Imperial Conferences of 1930 and 1937 with regard to common status and particularly to the recommendations in favour of consultation and agreement prior to any important changes affecting the common status. The United Kingdom authorities were of the opinion that it would be desirable, if at all possible, to have a conference held to consider the proposals in the Canadian bill with a view to considering whether the Canadian requirements could be met through modification in the common definition of status of British subject or whether it might be desirable to have general adoption of the Canadian approach — that is, adoption of the principle of recognition of British status granted in another part of the Commonwealth, even though the definitions for such status might be despaired.

3. With regard to particular points with which the United Kingdom might be concerned, Mr. Holmes said he thought that they contemplated possible difficulty through the fact that under the new bill certain persons would have the status of Canadian citizens (and, as a consequence, the status of British subject) who would not be British subjects according to United Kingdom law, and that, on the other hand, certain persons might lose the status of Canadian citizen or might not have the status of Canadian citizen (and thereby of British subject) who would have such status according to United Kingdom law.

4. With regard to the 1930 and 1937 agreements, Mr. R. G. Robertson said that the view of the committee in considering the legislation here had been that the importance of consultation and agreement was particularly "if any changes are desired in the existing requirements for the common status" (1930 Conference). In preparing the bill the general principle had been to make as few departures as possible from the naturalization requirements and other definitions of status in the existing Naturalization Act. The substantive changes, under the new act, would be comparatively slight. A resumé of the proposals for the new legislation had been sent to the Canadian High Commissioners in the various countries of the Commonwealth on September

27th. No comments, or representations had been received from any of the countries other than the present ones from the United Kingdom.

5. With regard to the United Kingdom suggestion for a conference, Mr. N. A. Robertson said that he felt that there might be some danger in holding a conference on the general principles of the legislation. He pointed out that the bill had received almost unanimous approval in Canada, and that it seemed it was not likely to stir any acrimonious political discussions. However, he felt that if a conference were held to examine the general approach to the common status, it would, in effect, be a Commonwealth constitutional conference which would involve serious possibilities for political argument, and might give rise to unfortunate acrimony in the country, and between the countries of the Commonwealth. He pointed out that the situation of Canada with regard to naturalization is rather different from that of the United Kingdom. It is an "immigration country" and it had become clear that it was necessary to go further in impressing upon people entering Canada the fact that they were acquiring a particular national status in this country. This had increased importance in view of the separatist forces in Canada, and in view, also, of the fact that it lay alongside the United States. He also pointed out that in the past it had normally proved rather difficult to secure adequate progress in changes in nationality legislation through Commonwealth discussions. With regard to the Canadian approach he thought that the decisions, in principle, had been taken, and that the government would not be likely to retreat from it. Experience during the war had re-affirmed the necessity for a delineation of responsibility for particular British subjects, as between the countries of the Commonwealth. Moreover, Ireland and South Africa had also felt their desires to introduce their own nationality legislation. It seemed, therefore, that the Canadian decisions were in line with general development and with the needs as shown by experience.

In summing up the situation as he saw it, Mr. Robertson said that he felt it would be unfortunate to hold a conference; that it might give rise to acrimony, and that it would be particularly unfortunate to hold such a conference without knowing in advance what the result was likely to be, or with the expectation that it would only end in a difference of opinion and the failure to reach agreement. He thought that it would be much more preferable simply to have an exchange of views with regard to particular provisions and points of detail in the Canadian bill that might give rise to difficulty for other countries of the Commonwealth. This, he thought, might be profitable and might inevitably lead to some modification in details of the Canadian provisions.

6. Mr. Holmes said that he would submit the United Kingdom representations in writing for confirmation, and that he would report what Mr. N. A. Robertson had said, for consideration by the United Kingdom authorities.

**810.** DEA/8204-40

*Le haut commissaire adjoint de Grande-Bretagne au sous-secrétaire d'État aux Affaires extérieures*

*Deputy High Commissioner of Great Britain to Under-Secretary of State for External Affairs*

CONFIDENTIAL Ottawa, December 29, 1945

Dear Mr. Robertson,

In my letter of the 29th November[59] I explained that the United Kingdom authorities were very anxious that, if possible, arrangements should be made for a conference of experts representing the various members of the British Commonwealth to discuss the position created in regard to the common status of British subjects by the Canadian Bill on Citizenship and Nationality.

The United Kingdom authorities much hope that this proposal may be acceptable to the Canadian authorities and would be grateful if the following rather more detailed statement of the position as they see it could be taken into account.

As I explained in my previous letter, the view taken in the United Kingdom is that the Bill introduces a wholly new system for determining who are British subjects and that it involves a fundamental change from the present system as agreed by successive Imperial Conferences for the purpose of maintaining the common status of British subjects throughout the Commonwealth. Hitherto each member of the Commonwealth, apart from minor differences, has had an enactment corresponding to those passed by the other members, and the principle has been observed that no member will seek to confer the common status on any class of persons without consultation and agreement with the other members. At the same time the fullest recognition has been given at Imperial Conferences to the principle that it rests with each member of the Commonwealth to determine what persons are its own citizens or nationals.

The United Kingdom authorities appreciate the advantages that might be gained by abandoning the present system and adopting the system underlying the Canadian Bill under which

(a) each member of the Commonwealth would enact legislation determining who are its citizens, such legislation being based on a definition which (as in the Canadian Bill) would correspond, broadly speaking, with the definition of British subjects in the present common code now in force throughout the Commonwealth and

(b) each member would then provide (as in the Canadian Bill) that such citizens shall be British subjects and that it will recognize as British subjects persons who are British subjects under the law of any other member of the Commonwealth.

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[59]Non trouvé./Not located.

This fundamental change, if accepted generally throughout the Commonwealth, would remove a certain inconvenient rigidity in the present system and obviate delays which have been caused by the need for consultation and agreement regarding any proposed amendment of the common code. Thus the new system, though broadly based upon the main general principle at present governing the common status, would allow differences in detail between the respective citizenship laws of the members of the Commonwealth.

The adoption of the proposed Canadian system, however, would be a new and very important step, not only for the United Kingdom, but also for other members of the Commonwealth. It would become necessary to define United Kingdom citizens and to include in the definition persons belonging to the Colonies; this in itself is likely to be a somewhat difficult task.

Having regard to all these circumstances, the Government of the United Kingdom consider it important that there should be complete understanding between the members of the Commonwealth as to what the new system involves and how it would work. This, it is thought, is essential and the main purpose of the proposed conference would be to consider the general question of the principle involved in the alteration of the present legal basis of the common status. It is felt that however desirable this might be, such a step ought not to be taken by any member of the Commonwealth without general consultation with the other members. Further, as divergence in the respective citizenship laws of members of the Commonwealth would be a feature of the new system, there would be no need to reach agreement on any uniform lines as respects these citizenship laws. Moreover, the proposed conference would enable representatives to inform each other of the points of practical difficulty which have arisen in the past under the existing legislation relating to British nationality, and an exchange of experience and information in this way would be helpful to the members of the Commonwealth in framing their citizenship laws if the new system should be adopted.

Thus in the view of the United Kingdom authorities the Canadian Bill has created a new position which cannot well be left to look after itself and considerable confusion, they feel, is likely to arise if no attempt is made on the above lines to work out at a conference a plan which might make the new system an acceptable and practicable alteration to the present system. It is accordingly greatly hoped that the Canadian authorities will agree to the suggestion that the whole matter should form the subject of discussion before the next stage is reached as regards the Canadian Bill.

Yours sincerely,

STEPHEN HOLMES

## PARTIE 7/PART 7
## RELATIONS BILATÉRALES
## RELATIONS WITH OTHER COUNTRIES

### SECTION A
### AUSTRALIE
### AUSTRALIA

**811.** DEA/836-AM-39

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Australie*

*Secretary of State for External Affairs*
*to High Commissioner in Australia*

TELEGRAM 276 Ottawa, October 13, 1944

Exports of cyanide to Australia.

It has been brought to the attention of the Canadian authorities that the Director of Import Procurement of the Government of Australia has refused to issue import permits for cyanide from Canada.

The result has been to halt the movement of a commodity which not only has been supplied to Australia from Canada during the war years but which forms part of the historic prewar trade between the two countries.

Will you please ask the Australian authorities to reconsider their action? If there are considerations involved of which we are unaware, the Canadian Government would welcome full discussion of them. It is the desire of the Canadian Government to approach any problems which arise in connection with trade between Canada and Australia in a spirit of facilitating expansion rather than in a spirit of enforcing contraction. In any case, if the situation should be such, notwithstanding this attitude, that some contraction in specific lines is unavoidable, the Canadian Government requests it should form the subject of discussion between the governments concerned before any action is taken.

**812.** DEA/836-AM-39

*Le haut commissaire en Australie*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Australia*
*to Secretary of State for External Affairs*

SECRET Canberra, October 25, 1944

TELEGRAM 435

SECRET. Your telegram No. 276 of October 13th, export of cyanide to Australia. Mr. Palmer, our Trade Commissioner in Melbourne, is familiar with

the cyanide situation and I requested him to endeavour to contact Arthur Moore, Director of Division of Import Procurement, and Senator Keane, Minister for Trade and Customs, regarding importation from Canada before they left the United States (my telegram No. 383 of October 3rd).[1] They sailed on October 21st and Mr. Palmer unfortunately was unable to arrange an interview. Palmer is of the opinion that importation of cyanide is not so much a matter of exchange, at the moment, as of shipping space, whether from the United Kingdom or North America. Position is being reviewed by interested parties this week. Palmer is now more confident that import licences for Canada may be granted.

I did not request Palmer to take up question of principle stated in final paragraph of your telegram as it appears to be a matter of high policy with which I should normally deal.

I would like to make two observations:

(1) That general question arises out of specific case of refusing to issue import permits for cyanide from Canada, which Palmer now thinks may be changed;

(2) A discussion of trade relations between Canada and Australia might perhaps be better delayed until Senator Keane and Mr. Moore visit Ottawa some time in December.

I could, if necessary, discuss the question with Comptroller General of Customs, Mr. Kennedy, who is senior to Moore in the Department of Trade and Customs, but am reluctant to do so as Moore on return might remain in charge of import licensing. There appears to be a clash of personalities which must be handled carefully.

Please advise.

**813.** DEA/836-AM-39

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Australie*

*Secretary of State for External Affairs*
*to High Commissioner in Australia*

TELEGRAM 316 Ottawa, October 27, 1944

SECRET. Your telegram No. 435 of October 25, export of cyanide to Australia.

We are pleased to learn that you expect import licenses for Canada to be granted. North American Cyanamid Limited also advises that their representatives in Australia say the situation has eased. Because of this, it is probably inadvisable to raise now the broader policy issue. We are still however concerned over the tendency to divert trade to the sterling area and should evidence of such diversion come to your attention please raise with the Australian authorities the question of policy as set out in the third paragraph of our telegram 276 of October 13.

**814.** DEA/6864-40

*Le haut commissaire en Australie*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Australia*
*to Secretary of State for External Affairs*

TELEGRAM 525 Canberra, December 14, 1944

SECRET. Everything indicates a growing pressure to divert to United Kingdom purchases which Australia would ordinarily make in Canadian market. Reason given is shortage of Canadian dollars. When this country requires Canadian funds in excess of what they can procure themselves in the ordinary way, then application is made to British pool for Canadian dollars. Pool then suggests purchases be made in Britain to avoid need for Canadian dollars and only when goods are not available in British market will pool consider providing Canadian funds. As Senator Keane, Arthur Moore and Fred Palmer are all in Canada, I would suggest that the whole problem should be discussed with them.

**815.** DEA/6864-40

*Extrait du mémorandum du ministère des Finances*

*Extract from Memorandum by Department of Finance*

[Ottawa,] January 3, 1945

NOTE ON DISCUSSION WITH AUSTRALIAN REPRESENTATIVES CONCERNING MUTUAL AID IN DR. CLARK'S OFFICE, DECEMBER 29, 1944

Those present at this meeting included Dr. Clark (in the chair), Mr. Moore, Director of Imports Procurement, of Australia, Mr. Dunk, of the Australian Treasury, Mr. Harry, Australian High Commissioner's Office, Mr. Woodley, of Australia, Mr. Chipchase of Australian War Supplies Procurement, Mr. Karl Fraser,[60] Mr. Oliver Master, Mr. S. MacKay-Smith,[61] Mr. English,[62] Mr. Palmer, Canadian Trade Commissioner in Australia, Mr. Angus, Mr. Pierce, and Mr. Bryce.

. . .

The next main subject discussed was Australia's commercial policy in purchasing from Canada and from the sterling area. Mr. Moore said definitely that their wartime policy had been to buy from a sterling area source rather than from a dollar source, wherever that was possible. This policy originated early in the war, when they had to consider hard, medium and soft currencies

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[60]Directeur de l'administration, Commission d'aide mutuelle.
Director of Administration, Mutual Aid Board.

[61]Directeur adjoint de l'administration, Commission d'aide mutuelle.
Assistant Director of Administration, Mutual Aid Board.

[62]J. H. English, chef, Division de la coordination des exportations, ministère du Commerce.
J. H. English, Chief, Export Planning Division, Department of Trade and Commerce.

and the relative scarcity of them. He stated, however, that in fact this policy did not have the restrictive effects on trade with Canada which might be expected, because of practical difficulties outweighing this policy and in particular because sterling area sources often could not supply within the time the item that was required. It was stated that Australia had to live within its allocation of dollars. I subsequently raised the question of whether or not there was any formal allocation of dollars, and Mr. Dunk and Mr. Moore both indicated there was not, but that it was, rather, a general understanding that dollars would be conserved by import control. There was some discussion between Mr. Dunk and Mr. Moore over this application of import policy, and Dunk appeared to feel it was more effective and more necessary for exchange reasons than Moore suggested. The gist of the discussion appeared to be, however, that there was as yet little actual disadvantage to Canada arising from this policy of favouring sterling area sources of supply, because there was very little competition at present in making supplies available. It was bought out that Australia felt it was necessary to conserve the sterling area's supply of dollars for the post-war period.

Mr. Moore stated that Australia would modify her policy of buying from the sterling area in preference to buying from Canada in those cases where the circumstances were such that this policy was proving embarrassing to Canada. Mr. Moore gave this assurance on a number of occasions during the discussion, and in several forms, in some of which, at least, he qualified it by indicating that it would apply "on minor items at least" or "unless very large sums were involved." He asked to be informed of any items where this policy was embarrassing to Canada, and said that he would be prepared to consider them immediately. During the discussion it was brought out that only one or two items had actually existed where this policy had caused embarrassment in Canada. The outstanding case had been cyanide, but in that instance import permits had been granted after representations made by Canada. During the discussion it was indicated that the United Kingdom since early in the war had been urging Australia to apply this policy of conserving dollar exchange by buying wherever possible within the sterling area.

Dr. Clark inquired why Australia felt this policy was necessary if Canada was prepared to provide Mutual Aid to the extent of the Australian deficit in trade with Canada. He noted that this had been the objective of Canadian Mutual Aid policy, although he could not yet say that it would be possible to follow it next year. This matter was discussed for a time, although there appeared to be some misunderstanding, particularly in view of the difficulties that existed in providing to Australia as Mutual Aid goods equal in value to the amount of her deficit with Canada. These difficulties have arisen because of the nature of Australian requirements and the difficulty of bringing them within the classes of goods and transactions considered eligible for Mutual Aid. In the course of this discussion, it was indicated that Australia's probable receipts of Canadian dollars this year are expected to amount in all to about $17 million. (This figure appears high, although it was not challenged at the time. The Australian forecast, dated 9th September, for the current fiscal year

is $14 million, and the estimated receipts in the first half of the year, which is normally the larger half, amount to $7.2 million.)

. . .

R. B. B[RYCE]

**816.** DEA/4533-30

*Le haut commissaire en Australie*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Australia*
*to Secretary of State for External Affairs*

DESPATCH 270 Canberra, June 4, 1945

Sir:

When I came to Australia at the end of 1942 I found Canada's stock in this country was at a rather low ebb. The Australian Government and press had been disappointed that, when this country was seriously menaced with invasion for the first time in its history, Canada, a sister Dominion, enjoying relative security, failed to send even a token force to assist in defence. The fact that Canada had been committed to the war in Europe for two years and that our whole effort was directed that way, failed to weigh heavily during the near panic that prevailed when Japanese troops rested on Australia's doorstep. When help did come, it came from the United States, and many Australians to this day feel badly that the British Commonwealth as a whole was not able to send assistance and the main burden of support fell on a non-British Commonwealth country. Australians recognized that Canada was doing an important job in Europe, but to them, the Pacific War naturally loomed larger than that being fought thousands of miles away. Thanks to the splendid feats of the Canadian forces in Europe and due partly also to energetic information activity, Australia's resentment against Canada had faded pretty well by the time the war in Europe had ended. Generally there was satisfaction in the public mind that Canada could not have adopted any other course than that which she did pursue.

2. Now that the war in Europe is over, Australians again are giving consideration to Canada's position in relation to the war against Japan. What we do in this war is associated here in the public mind as being aid to Australia in her fight against Japan, rather than as Canada's direct contribution to the Pacific War on her own behalf. I am afraid there is nothing we can do here to alter this line of thought which has been bred from conditions which prevailed after Pearl Harbour, when Canada was criticised for failing to come to the aid of a sorely pressed sister Dominion.

3. I fear that there is danger of a strong feeling against Canada being re-born in Australia unless we are able to convince Australians that Canada is making an adequate contribution to the War in the Pacific. First hints of this feeling are being seen in Australian press despatches from abroad concerning Canada's plans for rapid demobilization and the lifting of war controls. These

press messages emphasize an alleged drift by Canada away from war conditions rather than stressing the contribution Canada intends to make to the Pacific War. It is most unfortunate that the stress is in this order instead of in the reverse. An example was the announcement in today's paper of plans for the reduction in the manpower of the Canadian Air Force from 160,000 to 100,000, the emphasis upon the reduction in strength, rather than on the fact that Canada plans to maintain a large air force for the war against Japan.

4. To explain fully the Australian background please let me review a few facts. Canada and Australia entered the war within a few days of one another. Our forces went to England en route to France. Australian forces went to the Middle East. For a long time the Canadians did not see action in large numbers. During that period the Australians were fighting gallantly in North Africa, Greece, Crete, Syria, etc. Then came Pearl Harbour and the Japanese onrush towards Australia. Australian forces were withdrawn from the European theatre and bore the brunt of land warfare against Japan in New Guinea, while American forces were built up in Australia. Then the Americans undertook the larger share of the campaign. Meantime, Australia had mobilized and put into uniform more men in proportion to population than practically any other nation. The Australian Government apparently feels that sometime these forces will be needed and they have been maintained with consequent hardship to Australia as a result of manpower and supply shortages. For the last year the Australian forces have had little to do, but they are being maintained with little reduction in strength. The point I wish to make is that Australia has been fully mobilized for nearly six years now, and for most of this period the country has suffered hardships more pressing than those suffered by Canada at any stage of the war. The end of the war in Europe of necessity brings relief to the countries fighting mainly in that theatre. It would be an impossibility to use all our forces in Europe against Japan. There must as a consequence be partial demobilization and a partial conversion of war industry to civilian purposes in the Allied countries concerned. Canada is one of the fortunate nations in this category. Australia on the other hand feels it cannot permit large-scale demobilization or a sweeping release of war controls until Japan is defeated.

5. It is inevitable that comparisons should be made between what Canada is doing in these fields and what Australia is doing. Remember that Australians are able to point out that Canada is a Pacific country and is as much interested in the defeat of Japan as is Australia. Thus, it is almost inevitable that Canada will be criticized in regard to her war effort in the Pacific if she shifts from full mobilization while Australia maintains that status. Although much goodwill toward Canada has developed in Australia in recent times, Australians are bound to feel that we are not doing our share in the Pacific, unless they are informed fully on conditions, circumstances and facts. Underlying Australia's attitude towards Canada is a strong feeling that Canada is not interested deeply in the Pacific and Australians are able to advance many persuasive arguments to this effect. Intelligent Australians feel that the future of the world is seriously connected with developments in the Pacific and they would

like to see Canada, as a sister Dominion, indicating greater interest in Pacific affairs.

6. It seems to me to be most important that Australia should be convinced that Canada is playing an adequate role in the Pacific. It should be remembered that Australia is the seat of administration for the Netherlands East Indies and N.E.I. authorities in Australia naturally are influenced by information circulated within Australia. Therefore the governing authorities for this important part of the Pacific are concentrated here and are anxious to receive information about Canada's plans for the Pacific. If Canada intends to play an important role in the Pacific in future much good ground work can be laid within Australia.

7. When Canadian forces are sent out to the Pacific, their progress should be publicized as much as possible. If Canada is to have sixty ships associated with the British Navy as has been announced, efforts should be made to have Naval censorship in Australian ports relaxed. The Royal Navy has built up a large publicity organization within Australia and I am told that the Royal Navy is being much more free with information on its activities in Australia than it was at home. Our Air Force will, I expect, be based in India, Ceylon, Burma, etc. All these countries are far removed from Australia but we should none the less try to get as much publicity as possible within Australia about its size, location and activities. Presumably our main Army forces also will be far removed from Australia. Again we should publicize it here as much as possible. After the invasion of Europe, Australian papers published large numbers of pictures issued by the Canadian Army and circulated by this Office. A regular supply of army pictures should be maintained.

8. Since it appears that the main army and air forces will be considerably removed from Australia, it is going to be difficult to make Australians realize that Canada is in the Pacific in strength. We will do our best at this end. We will require active assistance of the Public relations men of the three services, who will find us always anxious to help and advise them in any way possible. In this connection, we are hopeful that Col. R. S. Malone, the Director of Army Public Relations will be able to visit Australia in the near future. I hope to see The Canadian Press well represented in the Pacific, so that Canadian stories may be picked up by Australian agencies abroad and be published here, as was done during the war in Europe.

9. Here are some suggestions which I would like to have considered in Ottawa for maintaining Canadian prestige in Australia:

(a) A leading Cabinet Minister, possibly the Prime Minister, the Minister for National Defence, or the Minister for Air, or Navy, should come to Australia and should speak freely here. Since the outbreak of war, no leading Canadian political figure has come to Australia, whereas most of the leading Australians have visited Ottawa.

(b) High ranking officers of the Canadian forces should come to Australia. I am hopeful this will occur in due course as a routine development.

(c) Leading Canadian scientists, particularly in the field of wartime agriculture, should come here. I could arrange for invitations to be extended.

(d) Better and freer air facilities for Canadians should be arranged via the RAFTC[63] between Montreal and Sydney. If the problem of air transport were simplified, it would be easy for important Canadians to come to Australia for short periods. Excellent work has been done for Canada since my arrival by the visits of the Canadian Press and Parliamentary Delegations and an outstanding goodwill job has been done by Sir Ernest MacMillan.[64] Australians are very hospitable people and due geographically to their isolation, they extend warm welcomes to distinguished visitors. We have built up effective facilities for introducing Canadian visitors to the Australian public.

(e) A Canadian photographer should be located in Australia without further delay, so that the members of the Canadian forces already in Australia could be publicized pictorially. We have had considerable successes already in this direction but have been sorely handicapped by lack of a photographer. Such a man could be attached to the Military Attaché's Office and could work under direction of the Press Attaché.

(f) More frequent statements on Mutual Aid to Australia should be made in Ottawa. Practically the only publicity on this subject within Australia has emanated from our Office rather than from Ottawa, whereas publicity on United States Lease-lend has emanated almost entirely from Washington.

10. Finally, I feel there should be more public statements by leading Canadians about Canada's interest in the Pacific. At present Canada's name is rarely mentioned among those countries rated as Pacific powers. When statements on Pacific policy are made in Ottawa, action should be taken by the Wartime Information Board to have them transmitted, if possible, by Australian Associated Press from New York. We can issue them here but more effective coverage is given by the papers if they are cabled from New York.

11. May I conclude by reporting my strong feeling that Canada may have to recover a lot of ground in Australia in the next twenty years unless something is done at this time.

I have etc.

T. C. DAVIS

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[63]Royal Air Force Transport Command.

[64]Chef d'orchestre, Toronto Symphony Orchestra, et doyen de la Faculté de musique, l'Université de Toronto.
Conductor, Toronto Symphony Orchestra, and Dean of Music, University of Toronto.

## SECTION B

### ANTILLES BRITANNIQUES
### BRITISH WEST INDIES

**817.** W.L.M.K./Vol. 346

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] February 18, 1944

MEMORANDUM FOR THE PRIME MINISTER

On January 12th I sent you a note[1] about the Anglo-American Caribbean Commission. The United Kingdom Government had enquired whether Canada would like to be invited to be represented at the first of a proposed series of West Indian conferences dealing with aspects of social and economic problems of the West Indies. The other government departments whom we consulted about this invitation were inclined to favour acceptance. I felt that though our economic interest in the West Indies market was important, full participation in the Conference might be construed as evidence of a livelier and more positive interest in West Indian problems than the Government was likely to wish to show.[65]

We have now had a further letter from the United Kingdom High Commissioner,[1] assuming, I think correctly from the fact that we did not answer the first enquiry,[1] that Canada did not wish to participate as a partner member in the West Indian Conference, and enquiring whether in the circumstances we would like to be represented by an observer who could report on aspects of the proceedings of the Conference likely to be of interest to this country. I think this is a more reasonable proposition, and if you approve,[66] would recommend that one of the Canadian Trade Commissioners stationed in the West Indies be authorized to attend as an observer on behalf of the Government of Canada, the Conference to be held in the Barbados in the second half of March.

[N. A. ROBERTSON]

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[65]Note marginale:/Marginal note:
I agree entirely K[ing]

[66]Note marginale:/Marginal note:
approved. W. L. M. K[ing] 24-2-44.

**818.** DEA/1997-40

*Procès-verbal d'une discussion interministérielle*
*Minutes of Interdepartmental Discussion*

CONFIDENTIAL [Ottawa,] June 14, 1944

MINUTES OF AN INTERDEPARTMENTAL DISCUSSION ON CANADIAN POLICY WITH REGARD TO THE ANGLO-AMERICAN CARIBBEAN COMMISSION AND THE FUTURE OF WEST INDIAN TRADE, HELD IN ROOM 123, EAST BLOCK, AT 11:30 A.M. ON WEDNESDAY, JUNE 14

*Present:*

Mr. H. L. Keenleyside (Chairman)

Messrs. Angus (External Affairs)
Barton (Agriculture)
Bawden (Canadian Shipping Board)
Cheney (Trade & Commerce)
Hodgins (Agriculture)
Jobbins (Wartime Prices and Trade Board)
Mackintosh (Finance)
Master (Trade & Commerce)
Major (Trade & Commerce)
Newman (Trade & Commerce)
Noble (Wartime Prices & Trade Board)
Pierce (External Affairs)
Robertson (External Affairs)
Soward (External Affairs)
Wrong (External Affairs)

Mr. G. A. Newman, who attended the first West Indian Conference held under the auspices of the Anglo-American Caribbean Commission, commented briefly upon the Conference Report[1] which had previously been circulated to the departments. In his opinion the Conference was regarded in United States circles, especially by the United States Co-Chairman of the Conference, Mr. Taussig, as a means for promoting trade in the Caribbean region mainly for the benefit of Puerto Rico, which was becoming more industrialized. For that reason, in spite of an agenda of a wider character, the prospects for inter-island trade were kept constantly in the foreground. It was planned to convene a second conference in a year's time in Puerto Rico at which the chief topics would be trade and transportation. Mr. Newman felt that Canadian trade in the West Indies might suffer from the emphasis on inter-island trade. He believed that Canada should attain membership in the Anglo-American Caribbean Commission as a means of influencing policy at the top level, offsetting the drive for American trade and keeping Canada well in the foreground in the eyes of the British West Indians. He felt that such membership should be secured before the next conference meeting in Puerto Rico.

Other speakers expressed skepticism as to the importance of the work done by the Commission and shared Mr. Newman's doubt as to the motives of the United States Co-Chairman. It was pointed out that there were political implications to membership in the Commission which need careful study. In view of the anomalous position of Canada as a non-colonial power participating in the Caribbean area on equal terms with such colonial powers as the United Kingdom and the United States, it was suggested that membership in the Commission might be held in abeyance until the role of the Commission had been clarified and until it was more clearly understood whether such a Commission would be used effectively in the postwar world for humanitarian and social purposes.

The meeting also discussed at some length trade alignments in the Caribbean region as affected by the United States tariff policy and by the respective preferences extended by the United Kingdom and Canada. The fact that Canada gave a preference of approximately 90( per one hundred pounds of West Indian sugar had been of enormous importance to the West Indies. Their business men were disturbed at the prospect of this preference being lost through postwar re-adjustments of existing tariff policies. It was pointed out that although Canada had given notice of terminating the Canada-West Indian Agreement[67] on the eve of the war, this notice was not to take effect until the termination of the war and in the meantime British West Indian sugar had been guaranteed a Canadian market until 1946. Other speakers commented that the Canadian trade had also considerably expanded in the West Indies during the war and that there were now approximately one thousand firms interested in the West Indian market.

Mr. Robertson suggested that Canadian observers at the coming conference of West Indian Chambers of Commerce should avoid the appearance of expressing official views on Canadian economic policy and should not offer any forecast as to the nature of a revised Canada-West Indian Agreement. It was agreed that in the near future a small Committee should be set up to examine statistical data upon the economic relations of Canada to the West Indies and to draft a report upon policy for submission to the government.

The meeting then adjourned at 12:45 p.m.

[F. H. SOWARD]

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[67]Voir Grande-Bretagne:/See Great Britain:
*British and Foreign State Papers*, Volume 123. London, His Majesty's Stationery Office, 1931, pp. 578-88.

**819.** DEA/7425-40

*Procès-verbal d'une discussion interministérielle*
*Minutes of Interdepartmental Discussion*

[Ottawa,] December 4, 1944

Present were:

H. F. Angus, External Affairs, Chairman
R. A. MacKay, " "
F. H. Soward, " "
J. W. Holmes, " "
Oliver Master, Trade & Commerce
C. M. Croft, " "
D. Cole, " "
T. C. Major " "
Frank Fraser, Can. Govt. Trade Commissioner in Jamaica
F. E. Bawden, Can. Shipping Board
W. A. Mackintosh, Dept. of Reconstruction
W. J. Callaghan, Dept. of Finance
E. G. Carty, Dept. of Transport
Gordon Urquhart, Dept. of Nat. Rev.
R. B. Teakle, C.N. Steamships
Messrs Eke and Gauthier, C.N. Steamships

J. A. Chapdelaine, Privy Council (Secretary)

Two memoranda† were tabled at the meeting; one, prepared in the Department of Trade and Commerce, discusses Canadian trade with the British West Indies, its value to Canada and its costs, in lost sugar revenue, in shipping expenditures and the possibility of some hidden costs such as the loss of trade in the other West Indies, in fish, for example, consequent on the preference accorded to the B.W.I.; the second prepared by the Canadian Shipping Board, deals with the cost of shipping services between Canada and the B.W.I. and suggests some changes in the shipping services to the B.W.I.

MR. FRASER stated that since the Treaty was made in 1926,[68] Canada had lost some ground, in flour to Australia, in butter to New Zealand, in fish to Newfoundland, in condensed milk to the U.K. The war had inflated Canadian trade with the B.W.I. who now had an adverse balance with Canada; pre-war trade balanced more evenly so that the B.W.I. obtained from their sales to Canada the necessary Canadian dollars to pay for their purchases. It was likely that some of the increase in trade with Canada would be maintained, as colonial administration and economic developments in the islands both fostered an increase in the standard of living there. The agreement runs from year to year, subject to six months' notice. As conditions have changed, some revision is desirable, Mr. Fraser thought that the W.I. are pleased with the Agreement and wish to renew it in the present form substantially; however, it is important that some indication of Canadian policy be given to the W.I. at an early date.

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[68]1925.

MR. MAJOR pointed to the developing strength of U.S. competition — as indicated in the activities of the U.S. section of the Anglo-Caribbean Commission. Canada has taken over some of the U.K. trade with the Islands during the war; Canadian products are better known now in the Islands and a large number of firms have become interested in the trade. The Agreement is vital to the maintenance of this Canadian trade.

MR. TEAKLE stressed the close relationship of shipping services and preferences: he favoured renewing the agreement, but with a number of changes, in shipping schedules, in the rates between different ports; a closer link between trade and the flag; increases in W.I. contribution to the shipping services and some guarantees of the shipping trade, particularly in bananas.

MR. CALLAGHAN indicated that the agreement was obsolete in its present terms and would have to be revamped if a new one was contemplated. On very few items is the normal British preference exceeded.

MR. MACKINTOSH dealt with the wider aspects of the commercial policy which is now under discussion and indicated the difficulty of tight agreements in the light of this policy.

IT WAS AGREED that it was important to go over the agreement in detail, to see the changes which should be proposed in the commodities and rates in negotiations with the Islands, even though it is not as yet possible to decide what overall commercial policy considerations should be assumed as a basis for these negotiations. The Department of External Affairs undertook to approach the interested departments with a view to the formation of a committee to do this work.

**820.** DEA/7425-40

*Rapport du Comité interministériel*
*Report by Interdepartmental Committee*

Ottawa, May 1945

*A Study of All Articles*
*Pertaining to Exports to the British West Indies*
*and*
*Subsidized Steamship Services*

REVISION OF CANADA-BRITISH WEST INDIES AGREEMENT, 1925

The terms of reference of the Interdepartmental Committee on the Canada-British West Indies Trade Agreement, 1925, read as follows:

"To study the present treaty item by item with a view to recommending changes in it, this Committee to work on the assumption it may have to be revised in the light of general commercial policy, that this treaty be replaced by one of a similar nature."

Resulting from the first meeting of the Committee, the Commercial Relations Division of the Department of Trade and Commerce undertook to report on all

articles pertaining to exports and dealing with preferences on Canadian exports to the British West Indies. It was also agreed that, in collaboration with the Steamship Subsidies Division, the Commercial Relations Division would report upon Articles IX-XVIII under Part II of the Agreement dealing with steamship services from Canada to the British West Indies.

*Study Dealing with Preferences on Canadian Exports to the British West Indies*

There are 17 separate tariff schedules in the British West Indies, all of the islands included in the Agreement having their own schedules which are not always related to each other. This, therefore, meant that individual commodities had to be dealt with island by island and studied, not only with regard to the 1925 agreement, but also keeping in mind commitments under the Canada-United Kingdom and the United Kingdom-United States Trade Agreements.[69]

Following considerable detailed work by the Commercial Relations Division, a Trade and Commerce informal committee was established consisting of these officials:

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|---|---|---|
| Douglas Cole, | Acting Director, Commercial Relations Division, | CHAIRMAN |
| C. M. Croft | Director, Commercial Intelligence Service, | |
| G. D. Mallory, | Chief, Metals and Chemicals Division, | |
| T. G. Major, | Chief, Foods Division, | |
| J. H. English, | Director, Export Planning Division, | |
| F. E. Bawden, | Director, Steamship Subsidies Division, | |
| G. C. Cooper, | Acting Chief, Foreign Tariffs Division, | |
| D. R. Annett, | Commercial Relations Division, | SECRETARY. |

This Committee, which included leading officials of the Department of Trade and Commerce directly concerned with Canadian relations with the British West Indies, was given the opportunity of considering item by item the various suggested revisions for the individual islands. The Committee proved exceedingly useful for the reason that during the present war, Canadian exports to the British West Indies have increased very materially under wartime allocations, and this provided the opportunity for the Commodity Chiefs to make suggestions respecting wartime trade which might have an opportunity of continuing in the postwar period. It likewise gave an opportunity for a final consideration as to the treatment of innumerable commodities in a new agreement. In addition, the heads of the Commodity Divisions, as well as Mr. Bates of the Department of Fisheries, were consulted with regard to individual items of controversial nature and we are satisfied that the revisions as contained in the attached report† indicate to a reasonably accurate degree the views of the Department of Trade and Commerce. Also incorporated in the suggested revisions are the views of the Canadian Trade Commissioners to Trinidad and Jamaica.

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[69]Canada, *Recueil des traités*, 1937, N° 14; Grande-Bretagne, *Treaty Series*, 1940, No. 3. Canada, *Treaty Series*, 1937, No. 14; Great Britain, *Treaty Series*, 1940, No. 3.

Taking into account the above advisory and detailed notes, revised articles† covering all phases of Canadian exports to the British West Indies were prepared and are attached to this report.

*Steamship Services*

Following consultations between Messrs. Cole and Bawden, Mr. R. B. Teakle of the Canadian National Steamships, Montreal, was consulted in respect to the steamship provisions of the Agreement and his opinion was asked on the major changes. Following his reply, independent revised articles were drawn up by the Commercial Relations Division and the Trade Routes and Steamship Subsidies Division, from which final drafts were prepared after further consultation with Mr. Teakle. The resulting suggested alterations† are enclosed with this report.

In view of Mr. Chester Payne[70] having been secretary of the 1925 Canadian delegation, he was interviewed with regard to certain articles in the Agreement. Purely as a guide to future Canadian negotiators and not as a criticism of those who participated in early trade agreements, Mr. Payne kindly volunteered the following confidential information relating to the three successive treaties with the British West Indies.

*"Tariff Relations Prior to 1912*

"In 1892 Sir George Foster, as Minister of Finance, visited British West Indies with a view to facilitating reciprocal trade. There is no available record of the negotiations and nothing definite developed until 1897 when, after the British Preferential tariff came into effect in Canada, the benefits of that tariff were extended in the following year to the British West Indies.

"In 1908 it was decided that the matter should be placed before the Imperial authorities, who provided for a Conference in 1909, and the result of that Conference was the endorsation of the principle that reciprocal trade should be arranged between Canada and the British West Indian Colonies who desired to enter into such an agreement. It was not until three years later that this arrangement was effected.

*"Conference of 1912*

"Sir George Foster was almost entirely responsible for the calling of this Conference and insofar as Canada was concerned, it was a single handed effort. The Canadian delegates were, in addition to Sir George, Hon. J. W. Reid, Minister of Customs, and Sir Thomas White, Minister of Finance. The deliberations took place concurrently with the session of Parliament, with the result that during most of the sittings Sir George Foster carried the burden.

"The West Indian Colonies represented were Trinidad, British Guiana, Barbados, St. Lucia, St. Vincent, Antigua, St. Kitts, Dominica and Montserrat. By the trade agreement which followed, Canada obtained preferential rates of four-fifths of the General tariff on exports to the British West Indies in

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[70]Secrétaire, Service du renseignement commercial, ministère du Commerce.
Secretary, Commercial Intelligence Service, Department of Trade and Commerce.

exchange for corresponding reductions on certain West Indian products entering Canada.

"At that time Canada was subsidizing Messrs. Pickford and Black, Halifax, to operate a steamship service to certain West Indian ports. While there was a brief discussion on transportation, the only reference thereto in the agreement was the provision that in all contracts entered into with steamships subsidized by the Dominion, plying between ports in Canada and ports in the Colonies, there should be an effective control of rates of freight.

*"Conference of 1920*

"The Trade Agreement of 1912 was to run for ten years. The preferences in operation had given such a distinct impetus to trade between Canada and those West Indian Colonies which were signatories to the Agreement, that Sir George Foster, after informal communication with the administrations of all the Colonies and the Colonial Secretary, recommended to the Government that the time was opportune for another conference looking to the inclusion of all the West Indian Colonies.

"The first object, of course, was to obtain the greatest benefit through new reciprocal arrangements, but of primary importance was the question of transport and cable communications. In 1913 the Canadian Government subsidized the Royal Mail Steam Packet Company under a five year contract and this was continued for varying periods. The service, however, was not adequate, in that the vessels were old and slow and only served the Eastern group, that is, Bermuda down to British Guiana.

"The Canadian delegation to the Conference of 1920 comprised Sir George Foster, Chairman of the Conference, Sir Henry Drayton, Minister of Finance, Hon. M. Burrell, Minister of Customs, and Hon. H. H. Ballantyne, Minister of Marine and Fisheries. Every West Indian Colony was represented for the first time.

"The outcome was a second agreement, broader both as to the extent of preferences exchanged and the number of West Indian signatories and as to the most important development, the promise of Canada to arrange for a mail, passenger and freight steamship service, sailing weekly to the Islands of the Eastern Group and another service to sail from Canadian ports as freight conditions required to the Bahamas, Jamaica and British Honduras.

*"Conference of 1925*

"The Trade Agreement of 1920 came into effect on June 1st, 1922, with respect to Jamaica and on September 1st, 1921, insofar as the other Colonies were concerned. Ordinarily it would have continued to run for ten years but it had become imperative that something should be done to settle the question of transportation, both on the Eastern and Western routes, as provided for by the Agreement of 1920. The Royal Mail Steam Packet Company, under subsidy, had been serving the Eastern Group, and the Canadian Government Merchant Marine the Western Group. Neither service had been satisfactory.

"The Conference of 1925 was called mainly to solve the problem of steamship communication. Jamaican producers of bananas, for instance, were

at the mercy of the United Fruit Company and the spread between prices paid to the grower and those paid by the Canadian consumer showed that the profits in the business were going to the middleman in the United States.

"When the fervor attending the consummation of this Agreement had subsided, it soon became apparent that the West Indian delegates had exhibited much greater astuteness than the Canadian representatives insofar as ultimate benefits to be enjoyed by the various participants was concerned. Canada has had a traditional interest in trade with the West Indies, as presenting the most obvious market for Canadian exports, with the exception of that of Great Britain and the United States, and this last treaty was the culmination of successive efforts to improve the trade interchanges.

"The origin of the treaty was, however, possibly more political than economic. Following the War there was a general impression that the United States was casting covetous glances at the West Indian Islands and colour to that view was given by the purchase in 1917 by the United States of the Virgin Islands, or the Danish West Indies, as they were known. It was frequently intimated prior to the Conference of 1920 that unless Canada did something to hold the West Indies in the Empire, they would be lost.

"The West Indian Delegates were impelled by their successes in previous conferences to conclude a treaty and in addition to their natural desire to trade with Canada and the Empire, there was the realization that the expansion of Canadian overseas trade with British and foreign countries, notably Australia, New Zealand, South Africa, South America and Japan, had much reduced their commercial importance to Canada. The Dominion delegates for their part, even with the high cost of implementing the promise of better steamship communications in the Treaty of 1920, were still actuated by the motive of doing everything possible to keep the West Indies within the Empire.

"A rather extraordinary incident occurred during the 1925 sittings. One morning when Mr. Robb, the Chairman, had gone into the corridor for a few minutes' recess he encountered Sir George Foster. He suggested that Sir George's views, though they must be given unofficially, would be of benefit to the Conference. The records were suspended and Sir George spoke for nearly an hour. In one sentence what he really urged was that the Government must not look too closely at the bookkeeping aspect of the proposition but be prepared to make sacrifices such as would be involved in the maintenance of up-to-date steamship services and that Canada as a whole would be behind such a move. There can be no doubt that his views had a marked influence on the deliberations which followed and lessened the tendency on the part of the Canadian delegates to bargain more keenly.

*"How West Indies Bested Canada*

"As regards the preferences by Canada, there is now no doubt that the West Indian delegates were much the better negotiators. They freely granted increased preferences on commodities for which Canada had already acquired the bulk of the trade and while they might not have opposed, they certainly did not suggest giving preferences on commodities in regard to which the United

Kingdom was an important exporter. In the case of Trinidad, for instance, Canada granted special preferences on cocoa, sugar, rum and bitters, which products represented about 50% of her whole export trade. The ratio of privileged export in favour of Trinidad worked out at 3½to 1. As for Jamaica the preferences granted to Canada represented only 15½% of the Dominions' total export trade, and the ratio preferences in favour of Jamaica was nearly 5 to 1 This latter ratio is about the same for the remaining islands.

"As another illustration, take the flour trade, of which Canada held about 90%. The increased preference did not help Canada materially, in that the balance of the trade was in cheaper grades of flour, which the Dominion does not export. This was also true to only a lesser degree as regards Trinidad's import of milk products. Even a better illustration is the preference on boots and shoes granted by the West Indies in a market where four-fifths of the population go barefoot. The truth of these observations can no doubt be verified by a statistical analysis.

*"Lack of Preparation on Canada's Part*

"There were two reasons why the Canadian delegates did not show to advantage with the West Indian representatives. The first was inadequate preparation. For the first two conferences there was little preliminary preparation other than trade statistics and certainly there was no general invitation given to Canadian exporters to express their views, except possibly the chocolate manufacturers.

"Prior to the 1925 Conference a small committee of departmental officers was formed to assist Sir Herbert Marler in the preparation of Canada's case and considering the nature of his task, he made a most excellent showing. But the dominating factor insofar as Canadian interests were concerned, was Mr. Russell, Commissioner of Tariffs in the Department of Finance, who was concerned chiefly with revenue. The Canadian sugar refiners, of course, were on the alert and made representations but there is no evidence of any representations from individual firms.

"The time of year in which all these conferences were held was also against the Canadian delegates. In every instance the House was in session. During the Conference of 1925 the situation at times was almost hopeless. The session was drawing to an end, an election was in prospect and of the six Ministers and six Members of Parliament who formed the Canadian group, it is doubtful if more than four of [or] five were ever in attendance at one time, while several never attended a single sitting. Furthermore, not only was Mr. Robb, the Chairman, as Minister of Finance, frequently called upon to absent himself, but there were occasions when the entire proceedings had to be interrupted while the Canadian group answered the division bell.

"The personnel of the West Indian delegation was infinitely superior as regards accurate knowledge of all that was involved. Every island was represented primarily by a trained Government official of many years' experience and in several instances by an advisor as well, who was a practical business man. The result was that the West Indian delegates had an expert and

intricate knowledge of the points to be considered, whereas Sir Herbert Marler, who was called upon to state the Canadian case, had only departmental officers upon whose advice to rely and had practically no contact with Canadian exporters.

"In that connection it seems inexplicable that our Trade Commissioners in the West Indies were not attached to any of these conferences as advisers, or at least called upon to submit their views as to what Canada should ask for in the way of preferences, as also what to expect the West Indies to ask. In 1925 we were represented in the West Indies by two particularly capable officers, namely, G. R. Stevens in Jamaica and H. R. Poussette, formerly Director of the Commercial Intelligence Service in Trinidad. Both were thoroughly familiar with their territories. These men were on the spot, in daily conversation with the Government officials and business men to represent the British West Indies, and, consequently, knew every angle of the problems involved. Support of this view was afforded during the visit of a delegation from the Canadian Manufacturers' Association, which toured the West Indies in 1922. The abolition by Canada of the Dutch standard, a colour test adhered to by the Canadian Government, which keeps out the higher grades of West Indian sugars, has from the first been advocated in the strongest possible way by the West Indies. At a public meeting in Kingston a direct attack on the Canadian Government for maintaining this standard was made by one of the most prominent business men in Jamaica. Mr. Stevens, mentioned above, who was called upon to deal with this criticism, completely routed the West Indian advocate. It might be mentioned that in 1929 the West Indies decided to appoint a Trade Commissioner to represent their interests in Canada and asked the Canadian Government for the loan for three years of a Canadian Trade Commissioner in the West Indies.

"Possibly the main reason, however, for Canada not obtaining wider preferences was that the vital factor in all trade negotiations was ignored, namely, holding back something which could be used for further bargaining. Canada granted so much to the West Indies that she had nothing left to offer. It is only recently that our trade agreements with the United Kingdom, the United States, Australia, New Zealand, South Africa and many foreign countries has made the West Indies realize that unless when the treaty is revised they can hold what they obtained in 1925, they will be in a bad way indeed."

*Some Aspects of Canada-British West Indies Trade Relations*

Canada has traditionally looked to the many component parts of the British Empire for her export trade and it has been to the interest of Great Britain and Canada alike that there should be no discrimination between different parts of the Empire, owing to the very serious effect which would result in the Commonwealth.

Therefore, Canada, in common with Great Britain, has had a real interest in maintaining the principle of non-discrimination between countries in the British Commonwealth, even though in the case of certain commodities it

would have been to Canada's advantage to have lower duties in certain Empire markets than other Empire sources of supply.

An examination of pre-war trade between Canada, the West Indies and Newfoundland in recent pre-war years indicates the very considerable degree to which the triangulation of trade was complementary with the exception of one commodity — codfish.

An examination of the value of trade for the years 1936 to 1938 clearly shows a clockwise movement of trade insofar as balance of exports over imports is concerned. Thus, Canada averaged over $8,000,000 of exports *per annum* to Newfoundland as against $2,200,000 of imports. Similarly, Newfoundland exported to the British West Indies an average of $860,000 as against imports of $220,000 and the final portion of the triangle is indicated by exports of $17,000,000 *per annum* from the British West Indies to Canada, as compared with $12,000,000 of imports into the British West Indies from Canada.

The Canada-British West Indies, 1925, Agreement was fairly satisfactory, but the Maritime Provinces have always felt that by transferring Canada's imports of raw sugar from Cuba and San Domingo to Empire sources, important markets for Maritime fish and potatoes were lost. It can be shown that during the five fiscal years immediately preceding the granting of sugar preferences, i.e. 1922-1926 inclusive, Canada imported 36 per cent of her raw sugar from Empire and 64 per cent from non-Empire countries. This ratio was more than reversed during the next twelve years to 84 from Empire and 16 per cent from non-Empire countries. In fact, during the last three years before the war the Empire proportion rose to such a point that non-Empire produced sugar was almost excluded.

The Maritime Provinces, therefore, feel that the increase in Empire preferences had the effect of transferring Canada's sugar purchases from relatively low-cost producing areas to high-cost producing areas; there was a result of heavy loss in national revenue to Canada and one of the net results was a considerable loss of exports of Canadian fish and potatoes and even some flour from the Agreement.

The cost of Canada's trade with the West Indies has been considerable in terms of steamship deficits and loss of Government revenue on sugar. It may be unfair to balance Canadian exports to the British West Indies against costs of steamship subsidies and lost sugar revenues, but it should be pointed out that against the value of total Canadian exports to the West Indies in 1939 of $15,000,000, there was contracted a Canadian National Steamship deficit of $324,000 plus an approximate loss in revenue on sugar of $8,495,000.

The following changes might therefore be considered when the Canada-West Indies Trade Agreement is in prospect.

1. A modification of the Canadian preference on imports of raw sugar. — It may be naive to hope that by a reduction of the present preference a larger volume of imports of sugar from Cuba and the Dominican Republic might be possible without upsetting the equilibrium of the triangulating Newfoundland-British West Indies-Canadian trade. It is not likely that imports of sugar from

these sources would be stimulated without creating Empire quota on raw sugar imports into Canada, for as a rule tariff changes of any magnitude generally result in either no change or complete change of sources of supply.

2. Increased British West Indies and Canadian contribution to cost of steamship services. — It may be impractical to suggest that a portion of the revenues saved from an increase in import duties on sugar might be allocated to subsidize steamship services to the British West Indies, but certainly greater operating deficits may be expected if the rates are to be competitive with corresponding rates from Iceland, Norway and Newfoundland for shipments of fish. One of the complaints of the Maritime Provinces has been that Newfoundland fish has enjoyed lower rates from Halifax to British West Indies, compared with Canadian fish, for the reason that the rates from Newfoundland to British West Indies were quite low, and it was necessary to reduce the rate on Newfoundland fish in order to compete.

It is becoming apparent that Canada will not be able to approach the revision of the Canada-West Indies Trade Agreement expecting wider preference margins. In fact some modification of the preference is not unlikely. This means that emphasis will need to be placed on getting Canadian goods to consumers in the West Indies at competitive prices but with less reliance on favorable tariff manipulation.

As a supplier of the British West Indies, Canada has never been in a stronger position than today. Over 1000 firms are shipping to the Colonies at present, most of them for the first time. Conditions must be created which will permit these recent relations with the British West Indies to endure and prosper if Canada is to enjoy a larger share of the trade than that held in prewar years.

**821.** DEA/1997-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

DESPATCH 950 Ottawa, August 6, 1945

SECRET

Sir,

I have the honour to inform you that Sydney Caine of the Economic Division of the Colonial Office visited us last week. His discussions with us are summarized below.

2. *General Economic Policy toward the West Indies.*

Caine said that he had discussed with the U.S. State Department the general question of economic policy toward the West Indies and that the State Department and the Colonial Office were in agreement on the following points,

(a) That the proposal for a regional union of the Caribbean area should be discarded although a customs union of the British West Indies was regarded as feasible.

(b) That a policy of self-sufficiency for the islands was impractical. Caine said that it was his opinion that such a policy would mean that half of the population would starve. It was agreed that a moderate amount of diversification was feasible but that it should be limited to fields in which the islands were not at a competitive disadvantage. The welfare of the islands depended upon world trade and no action should be taken in the islands which would discourage expanding trade.

3. A difference of opinion had arisen between the United States and the United Kingdom as to whether prices and markets for food products should be guaranteed in the islands. The United States was opposed to any such guarantee and the United Kingdom in favour for non-competitive essentials. Caine said that a compromise was reached and it was agreed that any such problem should be dealt with ad hoc.

4. *Anglo-American Caribbean Commission.*

Caine advised us of the intention to expand the membership of the Commission to four members on each side, two[71] members on each side to be appointed by the islands from residents. This change he expected to be made shortly. Under consideration as a later development is the possibility of expanding the membership of the Commission to include France and the Netherlands. He indicated that there was a seat open on the Commission for Canada, and he was told that we were not yet ready to consider joining. His opinion on the work of the Commission was that it had provided a useful safety-valve through which United States opinion could escape and that it had done good work in dealing with emergency supply problems and cultural development, but he did not hold that it would be of any considerable use in the field of trade and economics.

5. Caine was very pleased with his Washington talks and particularly at the stand taken to moderate the resolutions passed at the last West Indies Conference. We told him that the Canadian view was substantially the same as that now held in Washington and London.

6. *Canadian-West Indies Trade Agreement.*

Caine said that the British West Indies were anxious to have the Agreement renewed. He shared, however, our view, which was clearly expressed to him, that discussions could not be begun now between Canada and the West Indies while commercial policy discussions between the United States, the United Kingdom and Canada had still such a long way to go. He agreed that neither the United Kingdom nor Canada could or would deal with preferences at this time.

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[71]Notes marginale:/Marginal notes:
one I think. A. I[reland.]
(But see Macdonald July 5[†] — 2 BWI unofficial members) E. P. M[acCallum]

7. Caine felt that the Colonial Office would probably not urge a tariff for revenue on necessities as had been done in the last discussions. He felt that the development and use of income tax on the island would permit the Colonial Office to change its views.

8. In the course of his talks Caine said that the State Department had prepared a report or policy toward the Caribbean area which had gone to the President and been approved. I don't know whether this report could be made available to us but, if you could obtain a copy, we would be interested. He mentioned one other report which he said was available and which we would like you to forward to us if you can obtain it — a report of the Anglo-American Caribbean Commission on tourist trade in the West Indies.

I have etc.

N. A. ROBERTSON
for Secretary of State
for External Affairs

**822.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET Ottawa, August 23rd, 1945

. . .

CANADA-WEST INDIES STEAMSHIP SERVICE; FUTURE POLICY

3. THE MINISTER OF TRANSPORT raised the question of the re-establishment of the Canadian National Steamship service to the West Indies upon which an early decision was desired.

The service had valuable potentialities in respect of both passenger traffic and general trade between Canada and the Islands. Re-establishment of the service on an adequate basis would require replacement of vessels. It would take at least two years to build the type of vessel required.

The net financial loss of the Company over a sixteen year period of operation would be approximately $3,175,000, if the physical assets were liquidated.

The re-establishment of the service was closely related to the renewal of the trade agreement with the West Indies and the maintenance of imperial preference.

An explanatory note had been circulated.

(Department of Transport note, August 10, 1945 — Cabinet Document No. 37).[1]

4. THE CABINET, after discussion, agreed that the question of the re-establishment of Canadian steamship service to the West Indies be referred to the External Trade Advisory Committee for consideration and report, it being

understood that, for the occasion, a representative of the Department of Transport be added to the Committee.

. . .

**823.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] October 3, 1945

. . .

SHIPPING POLICY; RE-ESTABLISHMENT OF CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LIMITED SERVICES

8. THE SECRETARY, referring to the discussion at the meeting of August 23rd, submitted a report, copies of which had been circulated, from the External Trade Advisory Committee.

Three cargo ships were now being constructed by Wartime Shipbuilding Limited to meet the requirements of the West Indies Service. Passenger service, however, could not be restored without additional new construction totalling at least $10 million.

In view of the present situation with respect to policy generally and the future of preferences in particular, the Committee recommended that no steps which would involve purchase of vessels be taken, at this time, to restore the passenger service to the West Indies unless Canadian National (West Indies) Steamships Limited could justify such action on commercial grounds, independent of any trade agreement.

(External Trade Advisory Committee memorandum, Sept. 29, 1945 — Cabinet Document 73).†

9. THE CABINET, after discussion, approved the recommendations contained in the report submitted, it being understood that three cargo vessels at present being constructed by Wartime Shipbuilding Limited would be made available to the Company to meet the requirements in the West Indies trade.

## SECTION C

### GRANDE-BRETAGNE
### GREAT BRITAIN

**824.** DEA/6864-40

*Le sous-ministre des Finances*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Finance*
*to Under-Secretary of State for External Affairs*

Ottawa, September 20, 1944

Dear Mr. Robertson,

I am sending you herewith an aide memoire which was left with Mr. Bryce of this Department yesterday by Mr. Williams of the United Kingdom High Commissioner's office, concerning purchases of agricultural machinery by the Government of Eire. You will note that the purpose of the memorandum is to explain that when the Government of Eire approached the United Kingdom authorities to obtain their approval of certain purchases of agricultural machinery in Canada, the United Kingdom authorities requested them to reduce such purchases and did so primarily in order to save Canadian dollar exchange "in accordance with repeated requests from the Canadian Finance Department that they should eliminate all unnecessary expenditure in Canada."

It is true that we have on a number of occasions suggested to the United Kingdom Treasury that, in view of the very large deficit of Canadian dollars which could not be fully met this year at least by amounts available in the Mutual Aid Appropriation, it was desirable for them to scrutinize very carefully their war orders in Canada in order to squeeze out any possible water in them. I had felt that orders originally placed might have been forgotten when the need for them no longer existed and we have found as you know occasional instances of this sort of thing. So far as I remember I have never suggested cutting down the purchase of non-war goods in Canada, and it is also true that the financial situation has now been considerably improved by the various measures which have been agreed upon with the United Kingdom to assist them in meeting their Canadian dollar deficit.[72]

Nevertheless, I think that British authorities have been sharpening their pencils in order to avoid the necessity of additional borrowing before the end of Stage Two, and increasingly I fear we may find additional illustrations of British attempts to cut down British or sterling area imports from Canada and diversion of purchases to other countries. Some of these may cause political difficulty in Canada and I think we should give some consideration to the adoption of a consistent attitude or policy towards them.

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[72]Voir le volume 10, document 512./See Volume 10, Document 512.

In regard to the particular case in hand, I assume that the supply situation in respect of agricultural implements in Canada is now fairly tight but Canadian producers of agricultural implements may protest the possible permanent loss of the Irish market. I do not know how important our trade interest is in this case or how likely we are to receive repercussions. I would be glad to receive from you any views you may care to express and any suggestions for dealing with the aide mémoire. Perhaps indeed it is External Affairs which should assume the responsibility of making a reply.

Yours very truly,

W. C. CLARK

[PIÈCE JOINTE/ENCLOSURE]

*Aide-mémoire du haut commissariat de Grande-Bretagne*

*Aide-mémoire from High Commission of Great Britain*

[Ottawa,] September, 1944

PURCHASES OF AGRICULTURAL MACHINERY BY THE GOVERNMENT OF EIRE

In February last Government of Eire asked the United Kingdom to supply certain quantities of agricultural machinery needed in 1944. After due considerations they were informed of the quantities of machinery, amounting to the bulk of their requests, which it was possible to let them have.

2. In screening Eire's requirements the U.K. authorities had assumed that the February demands represented her desires for all sources. Eire has however now informed the United Kingdom that in March last she furnished at the request of the Canadian authorities an estimate of her requirements of agricultural machinery from Canada for the year July, 1944, to June, 1945. No reply is said yet to have been received from the Canadian authorities, but Eire now states that McGee's Stores Ltd., Ardee, have placed an order with the Cockshutt Plow Co., Ontario, for 250 two-furrow tractor ploughs, 50 three-furrow tractor ploughs, 100 disc harrows, 350 binders and 40 4′6 mowers. The Eire High Commissioner in Canada is said to be supporting the application for export licences.

3. The Eire authorities have now been informed through the Canadian Trade Commissioner Dublin that the approval of the U.K. Ministry of Agriculture is required before the Cockshutt Plow Co. can complete the order. They have accordingly approached the Ministry of Agriculture for approval for the release of the machinery on order and "any other quantities which the Canadian Government may later decide to make available."

4. The U.K. authorities are replying to this request expressing some surprise that the February demand was not a complete statement of Eire's requirements from all sources for the year 1944-45 and asking for such a complete statement. Given this information, the U.K. will be able to supply Eire with all the agricultural machinery she can from the U.K. in future without being placed in the embarrassing position of diverting to the U.K. orders already placed in Canada. As regards the request referred to in the preceding

paragraph, the Eire authorities are being informed that the U.K. authorities can supply the 100 disc harrows and 40 mowers from the United Kingdom and, that they agree to the diversion to Eire's use of 200 two-furrow tractor ploughs under manufacture in Eire from materials supplied from the U.K. and intend[ed] for export here and that the U.K. will supply materials for the manufacture of the balance of 50 two-furrow tractor ploughs in Eire. As regards the three-furrow ploughs and the binders, which cannot be supplied from the U.K., the Eire authorities are being told that the U.K. authorities are prepared to support the order placed in Canada, provided that it will in no way prejudice orders being placed on behalf of the U.K. for the same period.

5. In taking above line the U.K. authorities are actuated solely by the desire to conserve Canadian dollars in accordance with repeated requests from the Canadian Finance Department that they should eliminate all unnecessary expenditure in Canada. The U.K. authorities feel, however, that their decision may not be very welcome to the Canadian Trade Departments and they are therefore anxious to explain position to Department of Finance so as to forestall any criticism that their motives have been to secure trade advantages for themselves.

**825.** DEA/6864-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire de Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner of Great Britain*

No. 57 Ottawa, October 11, 1944

Sir:

Your aide mémoire of September, 1944, concerning the purchase of agricultural implements by Eire, has been passed by the Department of Finance to this Department for consideration and reply after consultation with other interested Departments.

The initiative of the United Kingdom in explaining the action taken by their authorities in this matter is appreciated, because such action in the absence of an explanation might have given rise to misunderstanding and concern on the Canadian side.

The specific case calls for no discussion since the Canadian authorities have recognized that exigencies of war make it desirable that a control be exercised in the U.K. over purchases by Eire of agricultural implements which are still in short supply and entail the use of critical materials in their manufacture and of shipping in their delivery.

We would be concerned, however, if this control were used to divert trade from Canadian exports to U.K. exports of products which had been normal and natural Canadian exports to Eire, with the intention of reducing expenditures of Canadian dollars. This appears to us a use of international controls for a purpose that was not intended. If such controls are to be used for this purpose,

there should, it is felt, be an opportunity for consultation with those countries whose exports are to be restricted.

While in discussions the Department of Finance did ask the United Kingdom to review its war programs to eliminate any unnecessary items, financial considerations were not urged in respect of non-war goods which made up our historic trade with the sterling area. The Canadian Government would be disturbed if the U.K. were left with the impression on account of financial difficulties which were experienced during the past fiscal year, but which have since been eased by measures adopted by the Canadian Government, that the Canadian Government were prepared to accept unilateral discrimination against exports from Canada on an exchange ground.

It is the desire of the Canadian Government to approach any problems which arise in connection with trade between Canada and the sterling area, including currency problems, in a spirit of facilitating expansion rather than in a spirit of enforcing contraction. In any case, if the situation should be such, notwithstanding this attitude, that some contraction in specific lines is unavoidable, the Canadian authorities desire that it should form the subject of discussion between the governments concerned before any action is taken.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**826.** DEA/6864-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*[73]

*Secretary of State for External Affairs to High Commissioner in Great Britain*[73].

DESPATCH 1388 Ottawa, November 1, 1944

CONFIDENTIAL

Sir:

The External Trade Advisory Committee, which was recently organized, has endeavoured to make some rough forecast of the post-war pattern of Canada's external trade on which the nature of our post-war economy will largely depend.

2. Our prewar reliance on markets in the sterling area was heavy and some evidence is appearing which suggests that our trade with that area may be in jeopardy. It will be of great assistance to the External Trade Advisory

[73]Des dépêches semblables furent envoyées aux hauts commissaires dans les autres pays du Commonwealth.
Identical despatches were sent to the High Commissioners in other Commonwealth countries.

Committee if, after considering the instances which follow, you will inform us of any indications which may have come to your attention.

3. The following instances illustrate diversion of trade from Canada to the sterling area:

(a) The U.K. authorities have advised us that they have refused on financial grounds to authorize the procurement by Eire in Canada of certain specified agricultural implements. The United Kingdom has instead facilitated manufacture in Eire and is supplying some from U.K. production;

(b) The U.K. authorities have indicated to the West Indian authorities the desirability of curtailing dollar expenditures;

(c) The Director of Import Procurement of the Government of Australia stopped the issuance of permits for the import of cyanide from Canada. Canada supplied cyanide to Australia not only during the war years but prewar as well. The stoppage, now in prospect of being lifted, has been attributed both to a dollar shortage and to shipping difficulties.

We are not always able to determine with certainty the cause of the diversion. In some cases we know it to be shortage of Canadian dollars; in others the considerations may be those of shipping or over-supply.

4. While from the British point of view the tendency towards diversion is not unnatural, aware as the British are of their heavy war purchases in Canada and of the limit on Mutual Aid, nevertheless, we cannot accept diversion of trade as inevitably the answer to their difficulties until we have explored every other possibility with them in the hope of finding some arrangement that will meet the legitimate requirements of both countries. We are at a stage where it is difficult to foresee the solution of the problem but it will be most helpful if you can inform us of any evidence of the loss to Canada of trade which we enjoyed in prewar years or of threats to such trade as we might reasonably expect if the currency difficulties were not present. We should distinguish between the diversion of trade and the loss of trade occasioned by the practice of self-denial by countries of the sterling area. While any loss of trade to Canada is unpalatable, we must be sympathetic with any self-imposed policy of denial which a country sees fit to adopt in an endeavour to improve its financial position. In the case of diversion, however, the country forgoes nothing; it merely changes its source of supply. While we cannot hope for assured markets, we must endeavour to safeguard our right of competitive access to Empire markets.

5. We attach copy of telegram No. 276 of October 13th, to the High Commissioner for Canada in Australia,[74] on the subject of cyanide; and of our despatch No. 57 of October 11th, to the High Commissioner for the United Kingdom in Canada, on the matter of agricultural implements. These may serve as a guide to the attitude which we are adopting until we can obtain, with your assistance, a clearer appreciation of the problem's magnitude, and until

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[74]Document 811.

we can come closer to solving the fundamental problem of the post-war relationship of the sterling and dollar areas.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**827.** DEA/6864-40

*Le haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State for External Affairs*

DESPATCH A. 661 London, November 17, 1944

Sir,

I have the honour to acknowledge your despatch No. 1388 regarding Canada's post-war export trade.

2. Concerning the diversion of orders from Canada to the sterling area of traditional Canadian exports, no cases similar to the three which you report have come to our attention although they may have occurred. It is assumed that what you have particularly in mind is the replacement of normal Canadian imports into parts of the sterling area, (other than the United Kingdom) by United Kingdom supplies.

3. There has, however, been a development in connection with the supply of Canadian agricultural machinery to Eire which may be noted in view of the observations contained in your letter of October 11th to the United Kingdom High Commissioner in Ottawa. The Trade Commissioner in Dublin reported a short time ago that the prospective Irish importers had also placed an order with a Canadian manufacturer for 15 tons of spare parts but that this order could not be undertaken without the approval of the United Kingdom Authorities. The Dominions Office were approached and in a few hours — without any formal exchange of letters — the necessary authority was granted. The circumstances suggest that the United Kingdom Departments concerned fully appreciate the force of your representations.

4. We have no knowledge of the attitude or practices of countries (other than the United Kingdom) comprised in the sterling group. Presumably these countries follow the same policy as the United Kingdom, i.e., they control imports by a system of licensing, and in its administration experience the same difficulties as the United Kingdom in relation to dollar transactions. To what extent the policies of the different components of the sterling area are deliberately concerted, if at all, is not known to this office.

5. With regard to example (c) it is probable that the decision to stop Australian imports of cyanide from Canada was made by the Commonwealth and not at the instigation of the United Kingdom Government. The reason for

the Australian authorities' action may have been either the shortage of dollars, or a desire to reduce their sterling balances, or a mixture of both; but it may be assumed that any attempt upon the part of the United Kingdom authorities to influence the decision of the Australian Government would be resented.

6. I agree with the conclusion expressed in your second paragraph that the future of Canadian exports to the sterling area is uncertain. Presumably the situation will be explored with the appropriate United Kingdom and/or other authorities when further discussions on commercial or financial policy take place.

7. Decisions on post-war trade policy are, as you are aware, to a large degree political and it is doubtful whether any binding arrangements will be possible until a General Election (already 5 years overdue) has been held in this country. According to a recent statement by the Prime Minister the present Parliament will be dissolved shortly after the end of the war in Europe. Until then it is quite likely that major issues, apart from those pertaining to the war, will be avoided.

8. As you are aware, some discussions on future commercial policy have already taken place between United Kingdom and Canadian officials.[75] Certain conclusions have been arrived at which are subject, of course, to further study and review by Governments but no policy has yet been formulated. It is hoped that further consideration will be given by the Canadian and United Kingdom authorities to questions affecting the probable future of Canadian export trade to the United Kingdom, but any discussions along that line will no doubt have to be paralleled with discussions on trade in the reverse direction.

9. In this connection I would direct your attention to Paper 1237, File A.R. 1061/1, "The Minutes of External Trade Advisory Committee,"† held in Ottawa, September 12th, 1944, Section 4, page 4 deals with "The United Kingdom Financial Position," and refers to a recent visit by United Kingdom Treasury officials. The second paragraph amended in Appendix II of the following paper, No. 1255,† reads "The British are hoping to avoid any further increase in their indebtedness outside the sterling area during the remainder of the war, and are most anxious to avoid any further substantial decline in their foreign exchange reserves. They have indicated that they expect to borrow from Canada and the United States during the transitional years immediately following the end of hostilities, but only in limited amounts and at low rates of interest."

10. I am inclined to think that the difficulties confronting Canadian export trade to the sterling area are too deep-seated to be measurably relieved by palliatives which ignore the fundamental problems:

(1) the shortage of Canadian dollars available to countries in the sterling area, and

(2) the liquidation of sterling balances accumulated in London.

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[75]Voir les document 41-4, 46./See Documents 41-4, 46.

11. It is generally assumed that the United Kingdom will have to regulate imports (as regards both volume and character), by the continuance of the present system of licensing, for some time after the war in the light of her needs and capacity to pay; while at the same time pushing her exports to the fullest extent. The United Kingdom will doubtless enforce a system of priorities to ensure that imports requisite to maintain the minimum standard of life for the whole community and to meet the needs of essential industries take precedence over less essential imports. Broadly speaking this means that primary foodstuffs and raw materials must come first. So long as import capacity is restricted by an insufficiency of exports the necessary selection of imports cannot be attained by the competitive choice of a free market.

12. In these conditions it might be useful for the Canadian authorities to decide which exports come within the category of "traditional" upon behalf of which special claims might be considered. Information on this point would doubtless be valuable to the United Kingdom authorities as well as other sterling area Governments, in their natural endeavour to meet Canadian wishes and to cause the minimum disturbance to Canadian economy.

13. It is difficult to be optimistic about the quick recovery of United Kingdom export trade and its ability to earn dollar and other overseas currencies to an adequate degree. (In this connection it should be remembered that markets which were steady and expanding outlets for United Kingdom exports before the war have since developed a productive capacity of their own.) The statistics of exports recently released show that on a volume basis exports have decreased to 30% of the prewar total; whereas it is said to be necessary to raise the level to at least 150% of pre-war exports by volume if prewar standards of living are to be maintained. The gap to be bridged is thus alarmingly wide. To achieve satisfactory recovery present exports have to be multiplied by five.

14. Side by side with the necessity of earning dollars is the desire to liquidate or considerably reduce sterling balances accumulated in London. This, however, is not a United Kingdom problem only. In a recent speech the Government of the Bank of England said "If, in the early years too large a proportion of value of United Kingdom exports and services went in liquidation of these debts then there would be that much less with which to balance the current exports of creditor countries and the rest of the world."

15. All countries will be faced with internal economic problems of the first magnitude in the immediate post-war period and each will give priority to maintaining the highest degree of employment at home. This situation will create problems tending to create disequilibrium between the dollar and sterling groups and it will only be by a close study and full exchange of information between each area that equitable solutions will be found.

16. In pre-war days Canada disposed of her net sterling credits in the United Kingdom (current account of goods, gold and services which for the period 1926-37 amounted to an average of $108,000,000) largely through the international financial position of the United Kingdom in relation to United States dollars. In the post-war period the United Kingdom will emerge as a

debtor nation and consequently Canada's trade with the sterling group must be patterned differently.

17. As regards your paragraph 4, the weakness of the United Kingdom's export situation should not be lost sight of in the formulation of policy. Cases have been reported where the United Kingdom has ceased to purchase from Canada essential goods which were short at the outbreak of war and supplies of which have been subsequently developed in the sterling area but none of these can be included among Canada's historical exports to the United Kingdom. At the same time enquiries are still being received for new Canadian products, e.g. the Ministry of Supply informed us the other day that they were prepared to purchase cholesterol from Canada. While your conclusions with regard to the immediate loss which would accrue to Canada from any diversion of trade is appreciated, insofar as a change of source of supply might contribute to the general economy of the United Kingdom and improve its general prosperity and purchasing power, the results would ultimately be beneficial to all countries including Canada. In other words, the restoration of the United Kingdom to its former position as a major world trading unit is an objective of great importance. This would, in the words of your despatch to the High Commissioner for the United Kingdom "facilitate expansion and not enforce contraction." The figures quoted show the seriousness of the country's economic situation as the result of its "single-minded prosecution of the war."

I have etc.

VINCENT MASSAY

**828.** DEA/6864-40

*Mémorandum d'une discussion avec des représentants britanniques*

*Memorandum of Discussion with British Representatives*

Ottawa, November 22, 1945

DISCUSSION WITH BRITISH REPRESENTATIVES ON RESTRICTION OF IMPORTS INTO THE STERLING AREA

These notes record a conversation held in the West Block at 10:30 on the morning of Thursday, November 22nd, between the Deputy Minister of Trade and Commerce and Mr. Malcolm MacDonald, British High Commissioner in Canada, the others present being Mr. A. M. Wiseman, British Trade Commissioner, Mr. Gordon Munro, Economic Adviser, and Mr. Bell, also of Mr. MacDonald's staff, and Mr. H. R. Kemp of the Department of Trade and Commerce.

MR. MACDONALD opened the conversation with a reference to numerous reports and complaints with regard to restrictions on imports from Canada into the sterling area. He said that he was aware that these complaints were coming in to the Department of Trade and Commerce, his own office, Boards of Trade and other places, that the matter was becoming more and more known to the general public, that it was inevitably creating dissatisfaction and hostility in Canada which are likely to have an adverse effect upon future relationships

and discussions of commercial and financial questions between the two countries, and that the whole thing had been particularly brought into the limelight by the statement made by Mr. Attlee to the press on Monday, November 19th. Mr. Attlee had stated on that occasion that it was not true that it was the policy of the United Kingdom Government to serve notice upon Canadian manufacturers that if they wished to do business in Great Britain or the sterling area it would be necessary for them to carry on their manufacturing operations in the United Kingdom. Mr. MacDonald felt that it was desirable that some kind of public statement should be made that would explain the true position to the Canadian public and prevent the accumulation of dissatisfaction in this country. It is, however, impossible to say what the policy of the United Kingdom Government is or will be until after the agreement has been concluded with the United States, and the United Kingdom knows in what position it will be.

MR. MACKENZIE agreed that there was a rapidly increasing volume of complaints from Canadian manufacturers about this situation. This department alone has more than 60 complaints on file at the moment relating to a wide range of articles and parts of the sterling area, and new letters on the subject are coming in daily at an increased rate. The appearance of several lengthy articles in the current issue of the Financial Post is likely to intensify public interest in the matter, and it is very likely that questions may be asked on the subject in Parliament when the estimates of the Department of Trade and Commerce come up within the next few days. He did not feel that it would be possible to allay public dissatisfaction in the matter by even a carefully prepared statement couched in generalities, so long as import permits continue to be refused for a wide variety of products. Only the actual resumption of permission to trade, even on a token shipment basis, would adequately meet the criticism.

MR. MACKENZIE said that we could understand and sympathize with austerity, but some of the instances in which import permits had been refused had the appearance of protection under the cloak of austerity. The exclusion of Canadian newsprint meant that wood pulp had to be imported from Canada or some other hard currency area and converted into newsprint in the United Kingdom without much, if any, saving of dollars. (Mr. Wiseman observed that the limitation in the size of British newspapers should be an answer in that case.) It would be austerity to limit the sales of farm machinery, but the United Kingdom authorities were not doing this but merely taking steps to see that it is produced in the United Kingdom. Similarly in excluding Quaker Oats they are not limiting the consumption of the product, but are going to use labour, coal, machinery, etc. to produce the same article in the United Kingdom and at a higher cost than in Canada, (MR. WISEMAN disapproved even of that on the ground that the Quaker Oat is a vitiated oat, but MR. MACDONALD felt that if the Briton wanted Quaker Oats it would be pretty hard to persuade or compel him to accept some other kind of porridge.) MR. MACDONALD thought that the British authorities might feel that a given

article was essential if it could be bought for sterling but nonessential if it could be acquired only in exchange for dollars.

MR. MACKENZIE pointed out that out of average prewar imports into the United Kingdom from Canada amounting to some $350 million, by far the greatest part consisted of foods and raw materials such as lumber, minerals, fish, etc., essential for Great Britain, and that the category of miscellaneous manufacturers did not account for more than about $50 million a year. He suggested that the British authorities, in spite of financial difficulties, would be well advised, in the interest of continuing good relations between the two countries, to set up some plan under which at least a minimum quota of x per cent of pre-war imports in these categories should be allowed entrance into the United Kingdom. Even if the quota amounted to 35 to 50 per cent of pre-war imports, the amount of dollars involved would not be excessively large, and it was quite possible that we should be providing them in any event. Fifty or sixty millions should take care of the whole sterling area. Failing some such arrangement, we should be exposed to criticism from a multitude of small enterprises collectively exercising a strong influence on public opinion in this country.

MR. MACDONALD felt that it would be very difficult to obtain treasury approval in the United Kingdom for any such scheme. He felt that the Cabinet had very strongly determined to exclude from the United Kingdom anything from the dollar area that could not be regarded as essential. It would not do very much good to telegraph them in this connection because the reply would simply come back "We do not have the dollars." The only way in which the treasury department could be moved would be by representations from the Board of Trade and Dominions Office. Developments of yesterday[76] indicated it is extremely unlikely that Lord Keynes will be able to visit Ottawa at all on the present occasion. There was a possibility that his associate, Mr. R. H. Brand, might come, and Mr. MacDonald had also been endeavouring to persuade Sir Percivale Liesching[77] to come to Canada. He proposed to make further efforts to induce Liesching to come, not with the expectation that Liesching would be able to make any undertaking on behalf of the British Government, for he had no power to do so, but rather in order that he might become acquainted by personal observation and conversations with the trend of public opinion in Canada on this matter so that he might personally report it to the British government on his return to the United Kingdom about the end of November.

The most successful development, MR. MACDONALD felt, would be if it were possible for the commercial and financial conversations between the United Kingdom and Canada to take place quickly, but this appeared to be out of the question. It now appeared as if agreement with the United States could

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[76]Dans les négociations financières à Washington entre les États-Unis et la Grande-Bretagne.
In United States-Great Britain financial negotiations in Washington.

[77]Deuxième secrétaire, Board of Trade de Grande-Bretagne.
Second Secretary, Board of Trade of Great Britain.

not be completed through all stages before January or February, and the conversations with Canada would have to wait until after that time.

In the meantime, if nothing was done, there would be a continued deterioration in the state of public opinion in Canada. He was quite aware that if the United Kingdom ultimately decided that it could not import a variety of things from Canada, the tendency would be for the Canadians to say that they would have to lessen the amount of dollars to be placed at the disposal of the United Kingdom.

MR. MACKENZIE emphasized the fact that it was impossible for the Canadian government to hold the matter in suspense for two or three months. Letters and questions are coming in every day and must be dealt with in some way.

MR. MACDONALD also raised the question whether the exclusion of Canadian products from the United Kingdom if continued was not bound to have an adverse effect upon British exports. Mr. Mackenzie cited as a possible example the case of the Canada Cycle and Motor Company, which had in the past carried on business in exporting skates to the United Kingdom and importing bicycles from that source. Now that the United Kingdom authorities have prohibited the importation of skates from Canada, will such a company continue to import bicycles?

MR. MACDONALD was asked the specific question what reply the Minister of Trade and Commerce would be able to make in the House of Commons if asked about this matter during the next few days when the estimates come up. Would it be permissible for him to say that efforts were being made to arrange for a consultation with British officials at the conclusion of the Washington talks? MR. MACDONALD said that the Minister could of course make such a statement, and it would be true but he did not think it would meet the difficulties. If the Minister announced to the public that the whole matter was to be discussed with Sir Percivale Liesching in a few days, and Liesching then arrived, the press and the public would immediately begin to ask what agreement had been reached, and in the absence of any agreement, the position would be worse than ever. He felt that about all the Minister could say would be that the Washington conversations were not yet completed, and that it would not be possible to clear up these matters of Anglo-Canadian commercial relations before the outstanding questions with the United States had been settled.

MR. MACKENZIE quoted to the British representatives several outstanding cases. In connection with the export of abrasives from Canada to India, now prevented by the withholding of import permits, it appeared that the Indian officials were going on the assumption that such abrasives would be available from the United Kingdom without taking any trouble to find if this was in fact the case. The result might be that the Indians would simply be deprived of the merchandise in question. Reference was made to the report from New Zealand that permits had been given for the year's supply of box board to be imported from Sweden and/or the United Kingdom to the exclusion of Canada, the

historical source of supply. In this instance the Canadian price quoted was 25 per cent lower than the British.[78]

Reference was also made to the Canadian leather industry, which now enjoys a quota of only 35 per cent of its prewar exports to the United Kingdom (24½ per cent if patent leather is excluded). MR. WISEMAN expressed the opinion that this was a matter covered by a special agreement.

Several matters in connection with exports to the British West Indies were also raised. Reference was made to a speech recently delivered in Jamaica and reported in a letter[s] received by the Department of Trade and Commerce from the Simms Company in St. John, N.B., in which the Jamaican Import Authority was quoted as putting forth the principle that nothing should be imported from Canada save essential articles, and not even these if they were available anywhere in the sterling area. MR. GORDON MUNRO immediately stated that this was wrong, and MR. WISEMAN read from the text of the agreement reached by Dr. Mackintosh and others in London last summer,[79] repeating that this represented the policy of the British government in the matter and that the report from Jamaica was inconsistent with this policy. The same view was taken by MR. MACDONALD. MR. MACKENZIE raised the question whether this agreement had not been automatically abrogated by the cessation of Mutual Aid. All three of the British representatives just mentioned, however, expressed the view that this agreement was still binding and still represented the policy of the British government. There was, of course, a possibility that this policy might have been erroneously interpreted by some of the local authorities. On being asked whether Mr. Sharp (the official from Jamaica) should be asked to visit Earnscliffe and discuss the matter during his coming visit, about Nov. 26, the British representatives immediately said that they thought this would be desirable. Reference was also made to the report from Trinidad to the effect that import permits are no longer being granted for barium sulphate, a material used for drilling oil wells, of which Canada has been supplying some 30,000 tons per year during the war, and that instead it is proposed to import the material from Greece or Brazil. MR. WISEMAN asked whether it would not be possible for the Canadian Trade Commissioner in those parts to make representations to the local authorities. It was replied that he had already made representations, and that they had informed him that they had no discretion in the matter and that it was all settled by the Petroleum Institute in London. MR. WISEMAN remarked that the Petroleum Institute does not control the import policy. It was replied that such was in any event the answer that had been reported to us.

In concluding the conversation, MR. MACDONALD stated that of course no final conclusion could be reached on this occasion, but that several things

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[78]La note suivante était dans le document:
The following note was in the document:

> The attention of the British representatives was called to a circular issued from London instructing British Captains not to buy deck supplies of provisions for British ships outside of the sterling area except in cases of absolute emergency.

[79]Voir le volume 10, document 541./See Volume 10, Document 541.

should definitely be done. Some thought should be given by the British representatives to the framing of a public statement which, without rousing false hopes, or seeming to promise concessions that could not ultimately be implemented, would explain the real situation and endeavour to satisfy public opinion. Urgent efforts should be made by them to persuade Sir Percivale Liesching that, even at the cost of considerable inconvenience, he ought to visit Ottawa and form his own impression of this situation on the spot in order to report it in Great Britain. MR. MACDONALD also thought that the attention of the authorities in London should be drawn to local misinterpretation of the agreement on essential imports in the British West Indies and India and possibly elsewhere with a view to insuring that the true interpretation was made known to the people in question.

**829.** DEA/1893-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 2956 Ottawa, December 14, 1945

SECRET. (Instruction to Cypher Division: Please repeat to Washington by teletype.)

United Kingdom officials, including Sir Edward Bridges,[80] Sir Percivale Liesching and Honourable R. H. Brand visited Ottawa December 8th to 10th en route to London after the conclusion of the financial and commercial negotiations in Washington.

They explained to Canadian Ministers and officials the agreement reached in Washington[81] and discussed its implications.

We agreed tentatively on the course of negotiations between us. It is expected that United Kingdom officials will visit Canada in the second half of January to negotiate a credit. The United States-United Kingdom Financial Agreement provides that the financial terms of the credit cannot be more favourable to Canada than the terms of the U.S.-U.K. loan. The negotiations will accordingly deal mainly with the size of the loan which we did not discuss with the visitors and with the exchange, import and other arrangements to be included in a financial agreement.

We also discussed with the United Kingdom officials the complaints of Canadian exporters that import licences were being refused in the sterling area for imports from Canada for a wide range of products on a variety of grounds that appeared to include protection of local industry and discrimination in

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[80]Secrétaire permanent au Trésor et secrétaire au Cabinet de Grande-Bretagne.
Permanent Secretary to the Treasury and Secretary to the Cabinet of Great Britain.

[81]Voir Grande-Bretagne:/See Great Britain:
*Treaty Series*, 1946, No. 53. Voir aussi les documents 68, 69./See also Documents 68, 69.

favour of sterling area sources of supply. This issue had been raised in our press and in the House and is injurious to our relations with the United Kingdom. It has been arranged that the Deputy Minister of Trade and Commerce will leave for London within the next few weeks to discuss only the current difficulties arising out of U.K. import licensing and to seek a solution effective immediately that will keep the channels of trade open and will, we hope, ensure us a fair share of all U.K. imports on the basis of past trade. I shall send you by air mail a copy of the memorandum[1] given Liesching on the subject. Liesching, though out of touch with recent developments in the United Kingdom, said the question was giving his Government concern and he gave us reason to hope that our officials will receive a sympathetic hearing.

## SECTION D

## INDE
## INDIA

**830.** DEA/4929-J-49

*Mémorandum de l'adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Special Wartime Assistant to Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[Ottawa,] November 16, 1944

CANADIAN GIFT OF WHEAT FOR INDIA

In the attached teletype, WA-6495,[1] there is an enquiry from the Government of India as to whether, in view of the improved shipping situation, it would be possible for some of the unexpended balance of the famine wheat for India to be sent forward. It is pointed out that there is far from enough wheat in India to guard against a recurrence of famine conditions.

2. I understand that at a recent meeting the Mutual Aid Board decided to allow the agreement to supply wheat to India by way of Mutual Aid to lapse and to make no further shipments of the unexpended balance of the wheat. The reason was that famine conditions no longer existed and that the original gift was contingent on shipping being available to deliver the wheat in time to relieve the famine.

3. Before replying to the Indian Government, based on the decision of the Mutual Aid Board, I feel that further consideration should be given to the circumstances surrounding the transaction and to the probable consequence of a refusal by Canada to deliver the unexpended balance of wheat. I have, therefore, prepared the following rough history of the transaction.

4. On October 14th, 1943, you submitted a memorandum to the Prime Minister quoting Sir Girja Bajpai as saying that the political effect of a gift of wheat from Canada to India would be very great. Sir Girja recognized that

shipping difficulties would be serious and might delay deliveries pretty materially. Your recommendation was that the wheat should be offered by the Mutual Aid Board "provided shipping can be made available." The Prime Minister annotated your recommendation on October 18th "I heartily approve".

5. P.C. 8162[1] gave approval in principle to the gift "provided that it may be found practicable to arrange for shipment of the wheat through Western Canadian ports." No time limit was set.

6. A telegram was despatched to the Viceroy from the Prime Minister on October 24th,[82] asking the Viceroy to make formal application for assistance under the Canadian Mutual Aid Act. The political aspect of the gift was stressed in the final sentence of the telegram: "Vital interests of the Commonwealth and of the United Nations are identified with the successful discharge of your duties and you may count on whatever cooperation and assistance Canada can give in carrying them out."

7. On October 26th the Viceroy telegraphed to the Prime Minister: "Accept your most generous offer with deep gratitude" and thanked him for his offer to cooperate.

8. On October 28th the High Commissioner for Canada in Great Britain reported that the Secretary of State for India had written most appreciatively about the Canadian gift of wheat, hoping that at the right moment the donation would be given the fullest publicity. He asked, however, that no public statement should be made until the shipping difficulty can be solved.

9. In a telegram dated October 30th, the Indian Trade Commissioner in Canada assured you that "the gracious and magnanimous contribution of Canada shall ever be remembered with deepest gratitude by the Government and the people of India".

10. The draft press statements[1] on the file, for instance that of November 1st, refer to the shipping difficulties but do not in any way suggest that any part of the gift is to lapse if it cannot be shipped during the period of the famine or that any shipping condition attach to the gift.

11. There are many telegrams about shipping. The Prime Minister of the United Kingdom, for instance, telegraphed on November 4th to the Canadian Prime Minister: "Your offer is contingent, however, on shipment from the Pacific coast which I regret is impracticable". He goes on to examine shipping difficulties from eastern ports and says that publication of the offer would create a difficult position because he would have to say that no shipping was available. This would cause disappointment in India. An announcement of the gift was made in India and on November 5th the Prime Minister telegraphed to the Viceroy saying that an announcement would have to be made in Canada. It contained the sentence: "The question of shipping for the wheat presents considerable difficulties which are now under examination". Mr. Churchill expressed his gratitude for this sentence on November 6th and said "We can

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[82]Volume 9, document 920./Volume 9, Document 920.

look into shipping at leisure and meanwhile meet the emergency by shipments on the three weeks' route from Australia". There was no suggestion at all at this period that part of the gift might lapse because of shipping difficulties.

12. On November 13th a telegram was sent from the Canadian Prime Minister to the United Kingdom Prime Minister. It contains the following sentences: "In making the gift we had in mind, in addition to the humanitarian aspects, that it would have valuable results from the standpoint of intra-imperial relations. These might well outbalance a slight delay in the movement of Canadian supplies to Australia. If our action is to be more than an empty gesture, it is essential that at least some wheat from Canada should reach India as soon as possible."

13. The High Commissioner for Canada in the United Kingdom, who had been asked to comment on these telegrams, telegraphed on November 17th: "Mr. Churchill's telegrams seem to leave out of account the important psychological factor in the Canadian offer of wheat for India."

14. A formal request for wheat was made on December 30th by Mr. Malcolm MacDonald.[83]

15. In April of this year there was some correspondence[†] concerning the resale of wheat in India, which we permitted, with the suggestion that the proceeds should be used for relief. A memo to me of May 20th from Mr. Wrong[†] says that we have only delivered some 10% of the gift, and that it is unlikely that we shall be able to deliver more of it. This is the first suggestion on file that shipments might cease. However, on May 25th we were still enquiring from the Government of India to what port we should ship if space were available and on June 28th we regretted that it had not been possible to make any shipment of wheat subsequent to May 25th.

16. Correspondence concerning the sale of wheat to India[†] begins on October 14th.

17. From these excerpts from the correspondence it seems to me to be abundantly clear

(1) that there were two primary purposes in making the gift: (a) humanitarian and (b) political;

(2) that, while a good deal was said about the gift being contingent on shipping being available, no time was specified and nothing appears to have been said to the Government of India of any intention on our part to cancel the unshipped balances;

(3) that the gift was given wide publicity and the correspondence was conducted at a very high level, i.e., between Prime Minister and Prime Minister and Viceroy;

(4) that care was taken to avoid any premature announcement which might lead to the gift appearing to be illusory or which might give any pretext for detracting from its political significance.

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[83]Voir aussi *ibid.* documents 919-29./See also *ibid.* Documents 919-29.

18. Now that an official enquiry has been made by the Government of India, it appears to me that we should defeat in large measure the political and psychological purposes of the gift if we were simply to reply that, as it had not been possible to ship all of the wheat and as India was now taking steps to build up a reserve, we had decided not to proceed with the gift which we ourselves had suggested. In any case, I feel that the Prime Minister has been so closely associated with the policy from its inception that he should be fully informed before any action is taken which may, in effect, defeat its purpose.

[H. F. ANGUS]

**831.** DEA/4929-J-40

*Mémorandum de l'adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Special Wartime Assistant to Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[Ottawa,] November 29, 1944

WHEAT FOR INDIA

Mr. Symon of the Indian Supply Mission in Washington called on the morning of Wednesday, November 29th, to enquire concerning the intentions of the Canadian Government with regard to the balance of the gift of wheat which was offered to India. I told Mr. Symon that this matter was receiving Ministerial consideration and that if we were to press for an answer it would almost certainly be negative. I called Mr. Symon's attention to Chapter 10 of the Report of the Canadian Mutual Aid Board of May 20, 1943 to March 31, 1944 and told him that this was the latest public announcement. The paragraph reads as follows:—

"The only supplies out of the Mutual Aid appropriation which have gone to India have been a portion of a gift of 100,000 tons of wheat, which was offered to the Government of India last winter on receipt of news of the serious famine situation in that country, especially in the Province of Bengal.

"The offer was made subject to the inevitable wartime reservation that shipping would have to be found to move the wheat and unfortunately, up to the present, it has not been possible to secure the amount of shipping required to move the entire gift over the long haul from Canada to India. Cargoes of Canadian wheat, however, have already reached India and more will be moved as the occasion arises, thus adding to the essential food reserves there."

I pointed out to Mr. Symon that a good deal of confusion had arisen because of the wheat recently purchased on the Indian account by the United Kingdom Government and by the fact that shipping space was being provided for this wheat without applying for further installments of the gift of wheat. Mr. Symon replied that the Government of the United Kingdom had probably acted without the knowledge of the Government of India, which could only buy through London and had probably simply applied to the United Kingdom for

wheat. He said that he could frequently find space for some wheat in ships leaving for India and that he had reported to the Indian Government that if wheat could be acquired space could be found.[84] I asked him why he had not either applied for further shipments from Canada as against the gift or suggested to the Government of India that it should do so. His reply was that this was not part of the duty of the Supply Mission. My comment was that the Government of India, the Supply Mission and the United Kingdom Government among them had nearly, if not quite allowed the gift wheat to slip through their fingers.

Mr. Symon spoke of the political consequences of the gift lapsing and I agreed that a very strong case could be made in India by any Indian who chose to denounce Government authorities in general and to distribute the blame as suited his inclinations.

[H. F. ANGUS]

**832.** DEA/4929-J-40

*Mémorandum du Cabinet du Premier ministre au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Prime Minister's Office to Under-Secretary of State for External Affairs*

CONFIDENTIAL [Ottawa,] December 4, 1944

WHEAT FOR INDIA

I had a talk with the Prime Minister today on this subject, based on the attached papers.

Mr. King's reaction was that the question would have to be decided by the Mutual Aid Board. He said he thought it was quite clear that the offer of a *gift* of wheat had been made subject to shipping facilities being made available.

I pointed out that the situation did not require that the Government of Canada should buy any wheat at the market, since the wheat proposed to be offered as a gift already belonged to the Government.

Mr. King's reply was that this was not a time when we could afford to make large gifts of wheat or anything else. (I understand that what he had in mind were the requests from the United Kingdom for substantial increases in financial accommodation.)

In the circumstances I felt that the points set out in Mr. Angus' note[85] could not be pressed further.

J. A. G[IBSON]

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[84]Note marginale:/Marginal note:
Noted. N. A. R[obertson]
[85]Document 830.

**833.** DEA/4929-J-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-4897 Ottawa, December 12, 1944

Your WA-6664 of November 27th.[1] Wheat for India under Mutual Aid. The Mutual Aid Board yesterday decided that the wheat moving to India from Canada should be regarded as part of the gift of 100,000 tons offered last year until this total figure is reached. Certain lots of wheat have recently been shipped to India or are in course of shipment for which cash payment has been made or arranged. As a matter of practical procedure it would be inconvenient to reopen these transactions and the Mutual Aid Board, therefore, authorized the Department of Trade and Commerce to determine the date after which wheat will again move under Mutual Aid.

2. We understand that at present Canadian wheat is going to India in fairly small lots required to complete cargoes from various ports on both coasts. You might let Sir Girja Bajpai[86] know verbally that if the movement continues until after the full 100,000 tons has been shipped under Mutual Aid it seems not likely that the Mutual Aid Board would authorize any increase in Mutual Aid wheat over this amount.

## SECTION E

## IRLANDE
## IRELAND

**834.** DEA/126s

*Le haut commissaire en Irlande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Ireland*
*to Secretary of State for External Affairs*

TELEGRAM 12 Dublin, February 24, 1944

IMMEDIATE. SECRET. Mr. de Valera[87] sent for me this morning and, to my surprise, informed me that he had received from the American Government a note, in which the British Government concurred, requesting him to cause withdrawal of the German and Japanese missions in Dublin. I told him I had no knowledge of any such note.

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[86]Agent général pour l'Inde aux États-Unis.
Agent General for India in United States.

[87]Eamon de Valera, Premier ministre et ministre des Affaires extérieures d'Irlande.
Eamon de Valera, Prime Minister and Minister of External Affairs of Ireland.

Mr. de Valera said that he and his Cabinet regarded note as a veiled threat and an attempt to interfere with the sovereign rights of his nation, and a political manoeuvre to precipitate it into war.

He sent for me because he thought that the Canadian Government would appreciate that the form of note in question gave him no alternative but to refuse to comply with its terms. He foresaw that in replying to it he would have to stress points which would, much to his regret, cause deterioration in the good relationship which has existed between the United States, Great Britain and Ireland. He reminded me Ireland had guaranteed to Great Britain that it would not be used as a base of attack against Great Britain, and added that he would do everything possible to see that Ireland would not be used as a centre of espionage against the United Nations.

There was no evidence which, even if he desired to do so, would justify ordering the withdrawal of the Axis representatives, and in saying so he based himself on information which he received from the Irish Secret Service working in conjunction with the British Secret Service. He thought that the delivery to him of formal notes instead of more or less informal verbal representations which have hitherto been made by American Minister and British representative was alarming and significant.

He suggested that through the friendly intervention of Canada the notes might be withdrawn. He made it clear, however, that even if verbal representation were substituted for formal notes he would not do away with Axis missions but would give assurances that he would take any measures which might be suggested to eliminate any possible espionage.

Suggest you secure copy of note from Washington and let me know if your good offices will be available in the matter.

**835.** DEA/126s

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] February 24, 1944

Dominions Office telegram D. 277 of February 23rd[1] and Mr. Kearney's telegram from Dublin, No. 12 of February 24th, relate to a formal approach made by the United States Minister in Dublin on instructions from Washington on February 21st requesting the Irish Government to expel German and Japanese representatives from Dublin. Mr. de Valera has suggested to Mr. Kearney that we should seek to secure the withdrawal of the U.S. note and of the supporting note presented on the following day by the United Kingdom representative in Dublin. This is a curious suggestion which I think we cannot entertain and I enclose a draft telegram to Mr. Kearney[1] in this sense.

The cause of Mr. de Valera's anger seems to arise from the formality of the approach and not from its substance. Why these particular tactics were

adopted in bringing pressure to bear on Ireland is not clear. It may be that they wished in Washington to compel de Valera to go formally on record as refusing this gesture of support. There may have been some domestic political motive in the United States. The British in any case cannot have been sorry to see the U.S. taking the lead in squeezing Ireland. It is not a comfortable situation for de Valera, but even if we felt confident that we could help him out of it I consider that we should not try to do so.

[N. A. ROBERTSON]

**836.** DEA/126s

*Mémorandum du Premier ministre*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Prime Minister*
*to Under-Secretary of State for External Affairs*

[Ottawa,] February 24, 1944

I view favourably the suggestion made in this telegram,[88] but would like you to think it over and let me have your reaction.

**837.** DEA/126

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*
*au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs*
*to Prime Minister*

[Ottawa,] February 25, 1944

Mr. Garner, who is in charge of Earnscliffe in Mr. Malcolm MacDonald's absence and Sir Patrick Duff's illness, called at the Department this morning with a message he had received from Lord Cranborne about the notes presented by the United Kingdom and United States representatives in Dublin, asking Mr. de Valera to bring about the withdrawal of the Axis diplomatic representatives from Ireland. The United Kingdom Government had learned from Sir John Maffey[89] that Mr. de Valera had asked the Canadian Government if it would approach the United Kingdom and United States Governments with a view to securing the withdrawal of the notes delivered to Mr. de Valera. Mr. Churchill hoped that you would not agree to Mr. De Valera's request, and, indeed, expressed the wish that Canada might see its way to associating itself with the United Kingdom and United States representations on the subject. The message pointed out that the security reasons which made the United Kingdom and United States request the

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[88]Document 834.
[89]Représentant de Grande-Bretagne en Irlande.
Representative of Great Britain in Ireland.

withdrawal of Axis representatives from Dublin applied as much to the Canadian expeditionary force as to the British and American formations.

Wrong and I told him we would convey this message to you and let him know, probably later in the day, what action, if any, you thought you should take in the matter. We pointed out that the Canadian Government had not been consulted about this new approach to the Irish Government, and had only been informed of it after it had taken place. In the circumstances, I thought it extremely unlikely that the Canadian Government would be prepared to consider associating itself, formally and belatedly, in the way Mr. Churchill had suggested. We would be very glad to see the Irish Government compel the withdrawal of Axis diplomatic representatives from Dublin, but the measures taken did not seem very well designed to achieve the end in view. Even in the case of Argentina, the United States had gone to some pains to present a dossier of evidence of subversive activities carried on by Axis diplomatic agents, and the United Kingdom had completed the case by arresting an Argentine consular employee who had been proved to be an Axis agent. These were new facts which enabled the Argentine Government to alter its policy toward the Axis while maintaining the appearance of acting as a free agent. We had not seen the text of the British and American notes, but understood that they did not go out of their way to give Mr. de Valera a plausible public occasion for modifying his policy.

In the circumstances, I think it was a mistake in judgment for the United Kingdom and United States Governments to present formal notes on this subject to the Irish Government at this time, but I do not think we could act as Mr. de Valera's intermediary in attempting to bring about their withdrawal. It is clear from his conversation with Mr. Kearney that, though he objects, understandably and very strongly, to the form which Anglo-American pressure has taken, he would, in fact, have been just as obdurate if the approach had been indirect and informal. I think we could agree to intervene in an effort to secure the withdrawal of the notes if there were any chance of the Irish Government expelling the Axis missions of their own motion, but of this there seems to be no present prospect.[90]

[N. A. ROBERTSON]

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[90]Note marginale:/Marginal note:
I attach a draft telegram to Kearney[1] for your approval. R[obertson].

**838.** DEA/126s

*Le haut commissaire en Irlande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Ireland*
*to Secretary of State for External Affairs*

TELEGRAM 13 Dublin, February 25, 1944

IMMEDIATE. SECRET. Supplementing my telegram No. 12 of February 23rd, following is chronological outline of what occurred.

On February 23rd Secretary (of State) [*sic*] for External Affairs informed me that Mr. de Valera would like to see me very urgently. I went to him immediately. He seemed to assume that the contents of notes from United States and Great Britain as well as procedure adopted meant that Ireland's territory was going to be violated.

He explained at length, and with great emotion, that his country was prepared to fight invasion from any quarter, and resist interference of sovereign rights of Ireland by any nation, and even though outcome against her by the United States of America and Great Britain was forlorn news, Ireland, he said, would fight to the last man. I told him that although I was unaware of notes or their contents I felt quite sure that he was misinterpreting them, and that the United States of America and Great Britain, anticipating European invasion, were no doubt simply taking all precautions to protect their troops from possible or likely espionage. I added that in my opinion thought of invading Ireland did not enter their mind. His remarks covered innumerable aspects of Ireland's position and I used every opening to impress upon him desirability of further tangible evidence of friendship of his Government. He concluded by asking me to inform the Canadian Government of his rejection of the terms of notes and expressed hope and belief that my Government would show understanding of situation. I told him that having no knowledge of the facts I felt at a disadvantage discussing matter and might wish to pursue it later on.

I then saw Sir John Maffey whose explanation as to why I had no previous knowledge of the notes was: "All the Dominions had been notified of the intention of the United States of America and Great Britain to send notes to the Irish Government and until you hear direct from your Government I had no authority to inform you that notes had been sent or of the contents."

I learned that he and Mr. Gray[91] had personally delivered their notes separately a day or two previously and had been informed by de Valera that he did not intend to comply.

I saw Mr. de Valera again in the afternoon and repeated a suggestion I had made to him in the morning, namely that Germany by landing parachutists in Ireland gave him justification of his own to bring about withdrawal of German

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[91]David Gray, ministre des États-Unis en Irlande.
David Gray, United States Minister in Ireland.

representatives, even were such landings inconclusive with regard to Japanese representations.

He replied notes made such a course all the more difficult. He said that if chief purpose of United Nations was to guard against espionage they would not have departed from the ordinary mode of communication, but would have sought by private negotiations to find additional means to guard against espionage and would have found him most cooperative. The formal notes put an entirely different complexion on the matter, making an impression which had to be dealt with publicly. He took exception particularly to words in American note "absolute minimum". He would be obliged, he said, to call public or secret session of Dail to hear notes and his reply. Quite evidently his reply will be refusal coupled with exhortation to Irish not to yield in face of veiled threats and he will probably hold army ready to resist invasion. He said he foresaw regretfully that a press campaign would be launched against Ireland abroad, and that feeling would replace friendly cooperation which exists, and particularly as between British and Irish armies and air force. He considered it would be in mutual interest of Ireland and the United Nations if, through intervention of a friendly nation, notes were withdrawn. He suggested Canada assume the task and asked me to put his request before my Government.

I think Mr. de Valera is reading into notes implications which are not warranted by context, but I fear that he will make most Irishmen view them as he does. Undoubtedly he intends to raise the cry of compulsion.

Under the existing circumstances I fail to see how you would be justified in suggesting that notes be withdrawn. I think, however, you might consider suggesting that they be made secret.

Secrecy as opposed to publicity may meet most or at least enough of Mr. de Valera's difficulties and on balance, I think, secrecy at this critical time cannot[92] be more advantageous to Great Britain and the United States than publicity. Even if my suggestion or such other as may occur to you does not satisfy Mr. de Valera, it will at least serve as evidence of your goodwill and desire to be of assistance.

Mr. de Valera, I think, appreciates that he has set you a difficult task.

He is anxiously awaiting your response. There is an obvious tension in Government circles at the moment.

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[92]Note marginale:/Marginal note:
but? K.

**839.** DEA/126s

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] February 25, 1944

Since preparing the attached memorandum[93] and draft reply to Kearney,[1] we have received his further detailed report of his interview with de Valera. It was obviously a difficult interview, and I think Kearney conducted himself very wisely.

I am sure de Valera's fears that some ulterior motive underlay the United States-United Kingdom initiative are groundless. I cannot, at this stage of the war, see any military objective which would begin to justify the occupation of an unfriendly Ireland.

I would say rather that the United Kingdom and the United States now feel in a position to put pressure on the remaining neutrals to complete the isolation of the Axis countries, and perhaps shorten the war. The diplomatic pressure presently being put upon Argentina, Sweden, Portugal, Spain and Turkey probably provides a clue to this latest United Kingdom-United States approach to the Irish Government. De Valera's fear that it is a prelude to invasion seems to be grotesque.

I agree with Kearney that we should not endeavour to secure the withdrawal of the United States and United Kingdom notes, but I think there is a good deal of merit in his suggestion that we might urge the United Kingdom and the United States to keep secret the fact that they have made an unsuccessful diplomatic approach to the Irish Government. I cannot see any advantage whatever in giving publicity to an unsuccessful diplomatic manoeuvre from which none of the Governments concerned can get any glory.

[N. A. ROBERTSON]

**840.** DEA/126s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Irlande*

*Secretary of State for External Affairs to High Commissioner in Ireland*

TELEGRAM 4 Ottawa, February 25, 1944

IMMEDIATE. SECRET. Your telegram No. 12 of February 24th. We were only informed on February 23rd by the Dominions Office that a formal approach looking to the withdrawal of Axis Missions had been made to the Irish Government by the United States Minister on February 21st and had been

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[93]Document 837.

supported by the United Kingdom representative on the following day. We thus had no opportunity of commenting in advance of the event. If we had been consulted, we might have urged the adoption of less direct and formal methods.

2. As Mr. de Valera knows it has long been the earnest hope of the Canadian Government that the Irish Government would, in their own time and of their own motion, come to share our conviction that the permanent interests of the Irish people are identified with the victory of the United Nations. We have welcomed each indication of Irish sympathy and support and we keep alive the hope that sooner or later Ireland will feel able to make some more direct contribution to the winning of this war. In this spirt we would naturally be very glad to see Axis Missions removed from Dublin and are thus in full sympathy with the object of the approach which the United States and United Kingdom have made.

3. The question which Mr. de Valera has raised with you is not one in which we can intervene at this stage without risk of misunderstanding. Even if the notes were withdrawn such harm as has been done would not be undone.

4. We have a good deal of sympathy with Mr. de Valera's objections to the form and timing of the United States-United Kingdom approach but having in mind the major issues involved we cannot help feeling that he would be well advised to comply with this request. We should be glad to intervene to secure the withdrawal of the notes if there were any assurance that such a step would make it easier for Ireland to expel the Axis Missions, and come clearly over to our side. Since he has said to you that he is not prepared to do this, I do not think we would be justified in making an issue over the question of the way in which the views of the United States and United Kingdom Governments were brought to his notice.

**841.** DEA/126s

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Irlande*

*Secretary of State for External Affairs*
*to High Commissioner in Ireland*

TELEGRAM 5 Ottawa, February 25, 1944

SECRET. Your telegram No. 13 of February 25th. We are very glad to have your full account of your conversations with Mr. de Valera, and fully approve of the language you used in speaking with him. As you will have seen from our immediately preceding telegram, we share your view that Canada should not endeavour to secure the withdrawal of the United States and United Kingdom notes. We see no advantage from any point of view in giving publicity to the incident and hope that each of the parties directly concerned comes to the same conclusion.

As you will have seen from our previous telegram, Sir John Maffey was misinformed in believing that we had been advised by the United Kingdom

Government of their intention to present a note to the Irish Government requesting the expulsion of Axis diplomats.

If you have not already done so, please inform Maffey of substance of your conversation with de Valera.

**842.** DEA/126s

*Mémorandum du Premier ministre*
*Memorandum by Prime Minister*

[Ottawa,] February 27, 1944

RE: UNITED STATES AND UNITED KINGDOM NOTES TO THE GOVERNMENT OF EIRE RE GERMAN AND JAPANESE MISSIONS

At noon, Mr. Hearne, the Irish High Commissioner, phoned to ask if he could come and see me personally. I told him Mr. Robertson had spoken to me of his desire to see me, and that I would be pleased to see him at any time, and suggested his coming within the next quarter of an hour. Mr. Hearne arrived about 10 minutes past 12, and we conversed in my library until 1:30.

Mr. Hearne opened the conversation by telling me that one of his colleagues from the United States had come to him to Ottawa with a message from Mr. de Valera, outlining what had taken place with respect to the U.S. and U.K. notes. Mr. de Valera had not wished to take up the matter by official communications direct with the Canadian government through the Irish High Commissioner in Canada.

Before stating specifically what he wanted to speak about, Hearne began to outline the little thanks which the Irish had received for what they had done and were seeking to do by way of co-operation in the war, and went over at length the grounds which gave rise to their suspicion of Britain. He inferred that what was commonly a note from the U.S. in reality was something which had been inspired by the U.K.

I took issue with him immediately on this, going the length of indicating to him what had been said to us in the first communication received about the matter, which was one from the U.K.[1] telling us of their having been asked by the U.S. to support them in the note which the U.S. was sending to the Irish government.

Hearne continued at length about the methods the British had of doing things, and the whole tenor of the early part of his conversation was that there was really back of the note some carefully worked out policy, which meant dictation by Great Powers to a small country, and that no matter what the cost, Eire would not yield to dictation of the kind — certainly not in the light of the war today being one to maintain freedom against oppression.

I told Hearne that I thought he was quite wrong, and that if Mr. de Valera held similar views, he was quite wrong in believing that there was any objective in the notes other than what appeared on the face of them. That I believed the United States were greatly concerned about the coming invasion of Europe and

were seeking to take every possible step to protect their own troops. That, as I saw the situation, anything might happen at the time of invasion: there would be bombarding of British harbours, of London, etc., on a scale never thought of; aerial fighting in the skies; there might even be a state of confusion which would result in the Allied forces unwittingly finding themselves drawn into conflict here and there with each other. That, in the midst of confusion of the kind, the enemy might easily be supplied with information from sources that seemed harmless enough at other times. That the only wise thing was to avoid possible dangers, at all costs, and take account of every contingency. That, behind the notes there should be some desire to bring Eire into the war was, I believed, wholly without any foundation. I said I could understand de Valera wondering why the United States request should have been preferred in writing, in formal notes, rather than by verbal representations in the first instance. I had been asking myself what the reason for that could be. I had concluded, and I thought quite rightly, it was because of the great importance which the U.S. government attached to seeing that their forces were protected in every possible way. To leave matters to verbal representation might create differences of view later on as to what really had been said. Apart from this, however, I felt that the notes were preferred, in part as a matter of emphasis, and in part as a matter of record. Should present fears prove to be justified, it was most important that the United States be able to show that they had foreseen the dangers clearly and had gone as far as they possibly could in seeking to avoid them. So far as there being any policy by way of drawing Eire into the war was concerned, I felt that if such was the case we in Canada would most certainly have had some knowledge of a move of the kind. Also, were there any deep laid policy with respect to what further moves would follow, if the Irish would not meet the request, particularly in the nature of open coercion, we would most certainly have heard something before this about conditions which necessitated such a course. The whole matter had only come to our attention after the notes themselves had been presented.

Before the conversation was over, Hearne seemed to change his attitude, based on suspicion, as to some sinister act of Britain being behind the note, on [to] a direct attitude of antagonism towards the President of the United States. I was greatly surprised at this. He spoke of the U.S. never having thanked the Irish for what they were doing to help — possibly they would have got more thanks if they had done less. How deep his feeling in the matter was, was apparent from his saying to me that when I had presented him to the President at the time of the latter's visit to Ottawa, the President had been particularly short with him. I said to Hearne that it was absurd to say that. I had presented all the diplomats and I noticed in each instance the President was similar in manner and what he said. Hearne intimated that in the coming presidential elections he thought consideration might be given to what might be done with the Irish vote, saying that they had all been closely following the President's attitude toward the Irish.

Hearne, in beginning his conversation, had spoken of how exasperated he had felt upon reading the U.S. note. He used language which made it appear

that the whole note had been a threat of a kind which might have to be met by open resistance. I had not, up to that moment, read the note myself, not having observed that it was attached to the file which Robertson had sent to Laurier House last night. I mentioned this fact to Hearne, and asked him to allow me to read the note through, which I did out loud. I then said to him frankly I could not see, in what was there expressed, just reason for his fears. It only confirmed my view that the United States wished to make perfectly clear how important it was that no step should be omitted which would leave American forces open to dangers which otherwise might have been avoided, and felt that the danger was so great it was important to have the matter emphasized in a note.

Hearne asked what would the next step be if Eire refused to take the course suggested. I said I could not say, but that I felt there would be disappointment naturally; that, could the step be taken, it would be warmly welcomed, not only by the United States and the United Kingdom, but by ourselves and I felt other of the Allies. That there was a long future ahead of all of us after the war was over and that any and every step in the way of co-operation now would be remembered to the good; but failure to co-operate on anything which might lead to possible disaster or to serious ill consequence, would not easily be forgotten. I said I personally would greatly welcome the Irish Government taking the course suggested. Something was said by Hearne as to whether this would not be equivalent to a declaration of war against Germany. I said, far from it; that the breaking off of diplomatic relations did not necessarily mean a declaration of war. They might be broken off for different purposes. Hearne said he knew there were distinctions in text books on the matter, but he did not know that actions would be so viewed by other countries when taken.

I again stressed the point that if there had been some far-reaching policy already worked out on this matter our government would certainly have received some intimation of the need and reasons for it. I would have expected that we would have been informed of these matters through the British Government. I did not feel that we would necessarily be informed by the U.S. Government, but certainly we had not been informed of anything of the kind by either of them.

Hearne next brought up what had taken place with our High Commissioner, Mr. Kearney. I told Hearne I thought Kearney had viewed the matter correctly and had expressed what was in accord with our view. I did not think that Canada would be justified in asking for a withdrawal of the notes. He asked me if he could say to Mr. de Valera that I did not think there was a far-reaching policy back of the presentation of the notes. I said certainly he could give that as my view, and also that I felt it would be unwise to have publicity given to the notes — unwise alike for all parties concerned.

Before Hearne left, I enlarged on this, pointing out that one never knew what conditions might result from disclosures, and that one could take it as a general rule that what a man was able to prevent of ill in public affairs was almost certain, in the long run, to be much more important than anything which he might be able to accomplish. I cited to Hearne, as a case in point, the

attitude of our government towards disclosure on the McNaughton matter. I said we would like to make disclosures, but who could say what consequences might result therefrom. For that reason we were content to let the record lie and speak for itself later on.

Hearne repeated several times that he was quite prepared to give assurances that his government was equal to preventing any kind of espionage and would see that it was effectively prevented. He came back to the question as to what would happen if they replied refusing what had been proposed. I said I could not of course say anything as to that. Much might depend on the wording of the communication sent in reply; also whether matters were kept secret or made public. I said that the matter might probably rest at that point and [be] brought up again later on, in the event of something in the interval justifying that step. Hearne at once said that if time were granted in this way they might be able to gain an advantage. I said I thought he was altogether wrong in assuming that there was any intention of seeking to draw the Irish nation into the war; that my view was it would be much better to take the notes at their face value, not assume some sinister design. He said he thought Mr. de Valera would be much influenced by what I might say. I told him that I had given my view quite frankly. He then asked if he might say that I would like to be kept informed of any further developments and would I be willing to help in any way. I said that I had no desire of being drawn into the matter beyond that of trying to help to clarify the situation and, naturally, would be gratified receiving any word which the Irish Government would wish to send, but that I would not wish, so to speak, to attempt to intervene in a matter which was one between the government of the United States and the government of Eire, or the British government and the government of Eire. Hearne said he did not think the British government would pay attention to any other part of the Commonwealth other than Canada, that none of the others counted for much in their eyes.

I made no promise as to our taking any further step of any kind. That so far as the President was concerned, I was inclined to remove distrust as to movers behind the note and to the wisdom of having what had taken place kept secret. I did not see that if the notes were intended for purposes of anything by record it could be expected that they would be withdrawn.

Hearne was most profuse in his thanks. Said he would prepare something today, which he would show to Robertson before it was sent off so that nothing would be said in his message which would lead to misunderstanding of the position.

In speaking of the U.S. note, Hearne dwelt particularly upon the significance of the words: "an absolute minimum", and also the words: "that time is of extreme importance." I replied to the first by saying it had reference wholly to security, and to the second saying that, as he knew, we were on the eve of an invasion — how soon or how long deferred it might be we could not say but certainly too much in the way of precaution could not be taken.

I might add that in the course of the conversation Hearne told of occasions on which the Irish government had sought to help the Allies, citing such

instances as allowing Canadian and other allied planes, which had landed in Eire, their occupants to be released, whereas Germans had been interned; measures taken to allow British secret police to cooperate with Irish secret police; spoke a good deal about the neutrality of the ports and of their undertaking in that regard having been carried out, etc., etc.

**843.** DEA/126s

*Le haut commissaire en Irlande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Ireland*
*to Secretary of State for External Affairs*

TELEGRAM 14 Dublin, February 28, 1944

IMMEDIATE. SECRET. Your telegrams Nos. 4 and 5 of February 25th arrived together.

2. I verbally communicated their substance to Mr. de Valera. He said that he was favourably impressed by tone of your views; appreciated your difficulty of intervening and was grateful for your remarks regarding publicity. He still has fears on possible use of armed force but took comfort from the fact that you approve previous assurances I had given him in this regard.

3. The tension of the situation insofar as he is concerned personally has eased but danger of flare-up has not yet been averted.

4. Following delivery of original notes de Valera cancelled army leaves and ordered troops to stand by. Irish troops are on manoeuvres and wild rumours to the effect that Americans have crossed the border are current.

5. A public speech made by de Valera yesterday at Cavan should help to dispel such rumours. True, he mentioned ever present war danger to Eire but he devoted as much time to such topics as party system of Government, neutrality, and milk prices. Although the Irish Times and Irish Independent in reporting his speech this morning featured the war danger, significantly enough de Valera's paper, *The Irish Press*, gives no prominence to that part of the speech.

6. Relations between de Valera and Mr. Gray have not been too happy. Sir John Maffey seems anxious that because of unique relations I keep in close touch with de Valera and act as "lighting rod-role" in this matter.

7. I told de Valera I would inform Maffey and Gray of your views regarding publicity. Maffey agrees that it is desirable to avoid publicity. Gray away for a few days. I will see him on his return. De Valera is in a quandary with regard to publicity. He may be questioned in Parliament regarding rumours of American crisis and asked to produce correspondence. He thought that withdrawal of notes would provide the answer. I suggested that he might delay confirming his verbal refusal in writing and parry questions by saying that he had received a written communication which required answer in writing and

until this had been done he could not answer any questions. He mentioned possibility of calling in the leaders of the opposition.

8. Would appreciate your comments and direction.

**844.** DEA/126s

*Le haut commissaire en Irlande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Ireland*
*to Secretary of State for External Affairs*

TELEGRAM 18 Dublin, March 2, 1944

IMMEDIATE. SECRET. Further to my telegram No. 14 of February 28th.

2. Yesterday in Dail Mr. de Valera availed himself of the opportunity to set at rest wild and widespread current rumours stating:

"Speaking of rumours I want to say that I have been told there is a good deal of public uneasiness at the moment and I simply want to say that there is no need for that uneasiness."

3. De Valera has had reassurances from the United States Government that there are no sanctions attached to recent note beyond that of American motives of anxiety lest their soldier sons suffer from result of enemy espionage in Ireland.

4. Mr. Gray also informed de Valera that in so far as the United States is concerned note would receive no publicity.

5. In interview today de Valera told me that he intended to modify original antithesis of his reply. He thought, however, American note unnecessarily hurtful directly, and inferentially misrepresented Irish attitude and this he intended to point out in his reply. I asked him if in his reply he would give assurances of co-operation short of involving Ireland in the war. He said "I will". I expect his reply will be delivered tomorrow.

6. De Valera remarked that although he and I had spoken plainly to each other in the last few days we had done so understandingly, and he expressed appreciation of the interest shown by the Canadian Government and our contribution in keeping things on an even keel.

**845.** DEA/126s

*Mémorandum du Premier ministre*
*Memorandum by Prime Minister*

CONFIDENTIAL [Ottawa,] March 14, 1944

*Re: Ireland*

Mr. Atherton called upon me in person and left the attached statement in writing (which was without date or signature) as conveying an expression of thanks which the Secretary of State of the United States wished to have given

to me. The Ambassador supplemented the communication by saying that the State Department would be very pleased if our government would see that the statement which refers to Mr. Kearney's attitude and assistance were passed on to Mr. Kearney.

In conversation, I told Mr. Atherton that the feeling which I thought Mr. de Valera took exception to in part, was the manner or approach to the Irish government, namely, the presentation of formal notes without an informal personal word in advance. Mr. Atherton, in reply, gave it as his view that Mr. de Valera was anxious to make a political issue out of the question. His stock was going down and he really wanted publicity on the matter of presentation of notes to help him politically.

I asked Mr. Atherton where or how he thought the matter was likely to end. His reply was that he thought the President's remarks as to a wish that Ireland might be represented at the peace table would probably afford a means of working out the situation.

W. L. M. K[ING]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de l'ambassade des États-Unis*

*Mémorandum from Embassy of United States*

[Ottawa, March 14, 1944]

The American Minister in Dublin has informed the Department of State of Prime Minister de Valera's approach to the Canadian High Commissioner in Dublin following the American request to the Irish Government for the removal of Axis representatives. Mr. Kearney's attitude and assistance on this occasion was most helpful and the American Government desires to express its appreciation for this assistance. The American Government likewise wishes to express its appreciation for the position taken by the Canadian Government in this whole matter, and for the unequivocal statement of the Prime Minister in Parliament on March 13th.

Handed to me personally, unsigned.[94]

W. L. M. K[ING]

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[94]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
Handed to me personally, unsigned. W. L. M. K[ing]

**846.** DEA/126s

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] March 15, 1944

You may wish to say something about developments in the Irish situation in the War Committee this afternoon.

We were neither informed nor consulted by the United Kingdom Government about the original decision to approach the Irish Government with a formal request for the expulsion of the Axis Missions. The only communications we have had from the United Kingdom Government on the subject were a circular telegram[1] the day following the presentation of the United Kingdom note, advising us of the steps which had been taken, and two days later an informal enquiry through Earnscliffe as to whether the Canadian Government would be prepared to follow up the United Kingdom-United States approach with a similar note to the Irish Government. This enquiry was addressed to the Canadian Government after the United Kingdom had learned that the Irish Government had asked if we could use our good offices to secure the withdrawal of the original notes.

We have had no word beyond what has appeared in the press about the United Kingdom's decision to stop travel between Great Britain and Ireland, and no indication as to what further punitive measures may be under consideration in London or Washington. It seems to me that regardless of what we may think about the wisdom or unwisdom of the policy which is developing toward Ireland, the subject is one of the highest Commonwealth concern, on which there should be full consultation. As a matter of fact Eire is still a member of the British Commonwealth and presumably it can leave the Commonwealth if it chooses to do so just as it has been free to remain neutral if it wished to do so. It cannot, however, be expelled from the Commonwealth by the United Kingdom acting alone any more than India could be admitted to the Commonwealth by the United Kingdom acting alone and without consultation with the other members of the Commonwealth.

My own feeling is that we would be justified in protesting pretty sharply to the United Kingdom, first, about the complete lack of consultation on a question of this order of importance, and secondly, about the unwisdom in the common interest of the action that had actually been taken.

[N. A. ROBERTSON]

**847.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 15, 1944

. . .

IRELAND; U.S. AND U.K. REPRESENTATIONS

3. THE PRIME MINISTER drew attention to the U.S.-U.K. approach to the Irish government regarding the expulsion of Axis diplomatic missions and reported that the Canadian government had neither been consulted regarding the original decision nor informed until after the event.

Regardless of the merits of the policy adopted in respect of Ireland, this was a matter of great concern to the Commonwealth and one on which there should be adequate consultation. In the circumstances, it might be desirable to draw the attention of the U.K. government to the need for Commonwealth consultation and to Canadian misgivings about the wisdom of the action that had been taken.

(Memorandum, Under-Secretary of State for External Affairs to the Prime Minister, Mar.15, 1944.)

4. THE WAR COMMITTEE, after discussion agreed that a communication along the lines indicated by the Prime Minister be forwarded to the U.K. government, it being understood that the question of lack of consultation be kept separate from the question of the substantive merits of the policy involved.

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**848.** DEA/126s

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 383 London, March 15, 1944

MOST SECRET. My telegram Circular D. 277 of February 23rd.[1] Following for the Prime Minister, Begins: You will, no doubt, have seen press reports of restrictions imposed by us on travel between Great Britain and Ireland (including both Eire and Northern Ireland). Position is that for some little time we have, at the instance of the military authorities concerned, had under examination what measures could be taken to provide increased security in connection with future operations from this country. These naturally included special measures in relation to Ireland in view of the possibility of leakage from there. The imposition of restrictions on travel which in substance is a reversion to the restrictions imposed in June, 1940, and then maintained for some months, was one of a number of precautions which have been and are still

being considered. Owing to a leakage here that restrictions were about to be imposed on travel between Great Britain and Ireland, we found it necessary to take an immediate decision on this point and make an announcement at short notice. The press has inevitably connected our announcement on Monday with the publication of Mr. de Valera's note rejecting the recent approach by the United States for the removal of Axis representatives from Dublin. It will, however, be seen from the above that consideration of these two matters was proceeding independently.

It has been made clear in our announcement regarding travel restrictions that these are imposed for military reasons and will not be kept on longer than the particular situation which we contemplate requires. The same will apply to other measures which we may find it necessary to take, e.g., in regard to the diversion of shipping and closer control of telephonic communications. Ends.

**849.** DEA/126s

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*[95]

*Secretary of State for External Affairs to Dominions Secretary*[95]

TELEGRAM 43 Ottawa, March 20, 1944

IMPORTANT. MOST SECRET. Your telegram Circular D. 383 of March 15th. We are glad to learn that the restrictions imposed on travel to Ireland did not arise directly from the attempt to secure the expulsion of Axis representatives from Dublin, but had been in preparation for some time as additional security measures. We appreciate the need for all precautions. Might it not ease the position if an explanation were made to Mr. de Valera of the origin and purpose of these restrictions along the lines of your telegram? Otherwise he will undoubtedly interpret them (as we were inclined to interpret them before receipt of your telegram) as part of a policy of progressive pressure against Ireland which began with the presentation of the United States note on February 21st.

2. In general it seems to us that the recent developments concerning Ireland are matters of high concern to all the members of the Commonwealth. We were not consulted in advance of the attempt to secure the removal of Axis representatives nor were we informed of your intentions respecting travel restrictions. We note that these restrictions were described by Mr. Churchill in the House of Commons on March 14th as "the first step in a policy designed to isolate Great Britain from Southern Ireland" during the critical period. If later steps are limited to actions necessary to prevent leakage of military information

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[95]Des télégrammes semblables furent envoyés aux personnes suivantes:
Identical telegrams were sent to:
High Commissioner, Dublin, No. 14, Canadian Ambassador, Washington, EX-1192, Prime Minister of New Zealand No. 4, Prime Minister of Australia, No. 4, Prime Minister of South Africa, No. 2.

the Irish Government should have no reasonable cause for complaint as long as fear of ulterior political motives is not present in their minds.

3. This fear, however, undoubtedly prevails and what is done now may affect the position of Ireland in relation to the rest of the Commonwealth for many years to come. If Ireland is moved to leave the Commonwealth that is a matter of serious moment to us. We assume that you agree that no question of the expulsion of Ireland from the Commonwealth can arise except as the result of a decision reached by all the Commonwealth Governments.

4. We wish therefore to emphasize that we are concerned over the position that has arisen. We have felt from the first that the approach looking to the removal of the Axis representatives was not made in the form best designed to achieve its object, but we at once did what we could to persuade the Irish Government to comply. We have also publicly supported the action taken. We hope that there will be full consultation before any further steps are taken which are likely to have repercussions on the position of Ireland in the Commonwealth.

**850.** DEA/715-F-6-40

*Le conseiller juridique au haut commissaire d'Irlande*
*Legal Adviser to High Commissioner of Ireland*

715-F-6-40 Ottawa, March 24, 1944

PERSONAL AND CONFIDENTIAL

Dear Mr. Hearne,

May I refer to the discussions yesterday in Mr. Robertson's office, concerning the position of Irish citizens resident in Canada under the Canadian Selective Service Mobilization Regulations. It was understood that I should write a personal and confidential letter to you with regard to the action which we have taken.

We have given the most careful consideration to the possibility of drafting an amendment dealing with the position of Irish citizens, which would not be in conflict with existing Canadian statute law or inconsistent with our regulations applicable to nationals of other countries. After making several efforts, and being confronted with what appeared to be insuperable difficulties, we have been compelled to abandon the attempt to meet the Irish situation by a formal revision of the regulations. For obvious reasons it would be impossible to provide for a fundamental revision of our statutes dealing with various aspects of national status. Without such a revision it would be impossible to revise our regulations along the lines which you suggested.

It was therefore necessary to arrange for the deferment of the application of compulsory military training and service to Irish citizens in Canada, provided that —

(a) the person is able to establish the fact of Irish citizenship, e.g. by production of a certificate from the High Commissioner for Ireland or the presentation of an Irish passport;

(b) the person is not a Canadian national. (In other words, he would need to prove that he had not been born in Canada and that he had not lived in Canada for five years or more.)

Under this procedure all cases of designated Irish citizens who are called under the Mobilization Regulations will be referred to the Department of External Affairs. The Department will then, after full investigation, decide whether or not any particular designated Irish citizen meets the conditions set out above and, in proper cases, an application for postponement will be sent to the appropriate Divisional Registrar for consideration by the Mobilization Board of the division concerned.

This will meet, in a practical way, the difficulty which has been confronting your Government, although I fully appreciate that it does not bring about the desired amendment of the regulations themselves.

Yours sincerely,

J. E. READ

**851.** DEA/715-F-6-40

*Le haut commissaire d'Irlande au conseiller juridique*

*High Commissioner of Ireland to Legal Adviser*

344/25-23/13 Ottawa, April 3, 1944

PERSONAL AND CONFIDENTIAL

Dear Mr. Read,

I beg to acknowledge receipt of your personal and confidential letter No. 715-F-6-40 of the 24th March which reached me on the 28th.

2. I wish to express to you our sincere thanks for the very careful and sympathetic consideration which the Department of External Affairs has given to the question of the exemption of Irish citizens, as nationals of a neutral country, from compulsory service in Canadian armed forces.

3. It is noted from your letter that, while you have found it impossible to meet the situation by a formal revision of the Selective Service Mobilization Regulations, you have, nevertheless, been able to devise appropriate administrative measures for the exemption, in practice, of Irish citizens who are not Canadian nationals by birth or residence in this country.

4. It is assumed that the practical measures outlined in your letter will safeguard the position of those Irish citizens who, prior to the date of your letter, had claimed exemption or had raised the question of their status with a view to making a claim for exemption, and who were not Canadian nationals at the time at which the claim was made or the question of status raised. The arrangement proposed is, therefore, understood in the sense that it will make

provision to secure that the claims of those Irish citizens will not be defeated by the lapse of time (pending a decision on the question of policy) since their claims were made or the question of their status raised. With regard to the application of the arrangement to those cases it is suggested that a claim for exemption, or a query as to status, addressed to the Selective Service authorities, or communicated to your Department or to this Mission, would, in the absence of any previous machinery, be sufficient to bring them within its scope.

5. I am now permitted to inform you that, in the absence of a formal revision of the Selective Service Mobilization regulations the arrangement outlined in your letter of the 24th March is satisfactory to us subject to the understanding stated in paragraph 4 hereof.

Yours sincerely,

JOHN J. HEARNE

**852.** DEA/715-F-6-40

*Le conseiller juridique au haut commissaire d'Irlande*

*Legal Adviser to High Commissioner of Ireland*

PERSONAL AND CONFIDENTIAL Ottawa, May 24, 1944

Dear Mr. Hearne:

May I refer to your personal and confidential letter No. 344/25-23/13 of April 3, 1944.

I am pleased to hear that the arrangement respecting the application of Canadian Selective Service Mobilization Regulations to Irish citizens as outlined in my letter of March 24, 1944 is satisfactory to your Government.

With reference to the point raised in paragraph 4 of your letter under reference, I believe that no real difficulty will arise. I am advised that in cases currently before the Mobilization authorities which have not been disposed of pending the establishment of the administrative arrangement, the date of the call-up under our Mobilization Regulations is the decisive date in determining their applicability to citizens of Ireland, and not the date of the actual decision after objection and investigation.

Consequently, if, in such undisposed cases, it is found after investigation that the applicant for deferment meets conditions (a) and (b) set out in my letter of March 24 as of the date he received his call, the application for postponement will be made to the appropriate Mobilization Board on his behalf, regardless of the fact that, in the meantime, he may have become a Canadian national under our law by reason of the fact that the five years' residence has then been established. The same considerations will, of course, apply to new cases currently arising.

Under these circumstances, I think you will agree that in the administration of the Mobilization Regulations, the position of such Irish citizens is adequately safeguarded.

Yours sincerely,

J. E. READ

**853.** DEA/126s

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*
*Memorandum by Under-Secretary of State for External Affairs*

[Ottawa,] September 19, 1944

During the Prime Ministers' meetings in London in May I had some conversation with Sir Eric Machtig.[*]. He was not disposed to dissent from the general position taken in our telegram to the Dominions Office No. 43 of March 20. The Dominions Office has not been very happy about the handling of Irish relations in February and March, but they thought that the crisis was comfortably passed and that it had left Anglo-Irish relatons better than they had been before. So far as the United Kingdom was concerned, the only issue then outstanding was the continued detention in internment of some 8 R.A.F. personnel who had been forced down in Ireland. These 8 were all that were left out of some 140 Commonwealth air crew who had at one time or other been interned by the Irish Government and were at that time (in May) being held by de Valera as a visible "token" of his policy of neutrality. The United Kingdom were working very hard to bring about their release and shortly after our visit to London succeeded in doing so.

Machtig asked me if we were likely to insist on receiving a reply to our telegram under reference. I told him I did not think an answer was necessary. The immediate cause of dispute had been disposed of and we had made our point of view plain to the other countries of the Commonwealth. Matters might therefore be left as they were.

[N. A. ROBERTSON]

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[*]Sous-secrétaire d'État permanent aux Affaires des Dominions.
Permanent Under-Secretary of State for Dominion Affairs.

**854.** DEA/6864-40

*Le haut commissaire en Irlande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Ireland*
*to Secretary of State for External Affairs*

DESPATCH 151 Dublin, November 27, 1944

CONFIDENTIAL

Sir,—

I have the honour to acknowledge your air mail despatch No. 101 of November 1, 1944[97] relative to Canada's post-war external trade in sterling areas.

2. In regard to your request for "any evidence of the loss to Canada of trade which we enjoyed in prewar years or of threats to such trade as we might reasonably expect if the currency difficulties were not present" — briefly, my reply is as follows:—

3. Prior to the war, Canada's main exports to Ireland were wheat, newsprint, and timber. Insofar as I can see, not reckoning on exchange difficulties, the post-war Irish market for Canadian wheat will remain at about the same level as the pre-war market, and a substantially increased market may reasonably be looked for with respect to newsprint and timber. In addition, there should be an unprecedented demand in Ireland for machinery of all kinds, much of which I think Canada might supply if she so desires.

4. As an aid in solving the post-war relationship of sterling and dollar areas, insofar as Ireland is concerned I suggest for your consideration that Canada should advance long-term credits to Ireland for the purchase of Canadian goods direct, and not through Great Britain as an intermediary. By development and concentration on sending exports to the non-sterling areas, Ireland might in time be able to acquire sufficient exchange to repay in Canadian dollars, at least partially, if not *in toto*, the advances thus made.

5. I have sounded out the attitude of the Irish Government on the subject matter in question, and attached hereto you will find a memorandum† dealing more fully with the questions raised in your despatch. I have delayed sending this despatch with the memorandum attached, pending the receipt from the Irish Government of trade statistics† for the war years, which have heretofore been secret, but which they have agreed to furnish to me. The statistics in question have not yet come to hand, and I have decided not to delay this despatch any longer on their account.

6. In paragraph 20 of my memorandum I also refer as being attached an appraisal† of the situation by our Canadian Government Trade Commissioner, Mr. McColl, which includes a description of possible exports. As Mr. McColl's

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[97]Voir le document 826./See Document 826.

observations are dependent in some measure on the statistics not yet available, I am unable to forward them herewith, but shall do so as quickly as possible.

7. I observe from your despatch that you have been in communication with Honourable Mr. Massey in connection with post-war trade in Great Britain, and I am sending him a copy of this despatch together with my memorandum.

I have etc.

JOHN D. KEARNEY

**855.** DEA/50021-40

*Le haut commissaire par intérim en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Acting High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 2727 London, September 21, 1945

SECRET

1. In the course of this afternoon's meeting at the Dominions Office, there was an important disclosure regarding the policy of the new Government towards Ireland.

2. Addison revealed that the Cabinet had approved a memorandum he had submitted recommending a policy of "friendship without ostentation". He said that Dulanty[98] had come to see him with the explanation that someone must break the ice and he was prepared to do it. He indicated that the Irish Government was interested in getting back into the circle of Commonwealth consultation and communication. Addison made it clear to us that he was anxious to be co-operative with the Irish, and the Government was considering inviting Irish participation in Commonwealth discussions of telecommunications and possibly civil aviation.

3. The South African High Commissioner revealed that Dulanty had also come to see him and had spoken in the same vein indicating that he was expressing de Valera's wishes. Dulanty spoke of the Irish desire to let bygones be bygones. He also suggested that he would like to attend the High Commissioners' meetings. Nicholls thought it might be desirable to prepare the public mind to accept rapprochement by letting it be known that the Irish High Commissioner was attending these meetings.

4. Evatt indicated that Australia would favour these proposals to bring Ireland back into the association.

5. There was general recognition, stressed by Addison, that the matter would have to be handled quietly and tactfully because public opinion on both sides would need education. Nicholls[99] suggested that South Africa or the other

[98]J. W. Dulanty, haut commissaire d'Irlande en Grande-Bretagne.
J. W. Dulanty, High Commissioner of Ireland in Great Britain.
[99]G. H. Nicholls, haut commissaire de l'Afrique du Sud en Grande-Bretagne.
G. H. Nicholls, High Commissioner of South Africa in Great Britain.

Dominions might make some suitable statements to prepare the way as there was not in their countries the bitterness towards Ireland which existed in the United Kingdom. Addison expressed his gratitude for this suggestion.

6. Addison expressed the desire to talk this matter over with the Commonwealth representatives at an early opportunity. He promised to give us copies of his memorandum to the Cabinet[1] which I shall forward to you. As this meeting may be called soon, I should be grateful for your instructions as to the attitude which I should take.

7. I am informing the High Commissioner in Dublin of the contents of this telegram.

**856.** DEA/50021-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire par intérim en Grande-Bretagne*

*Secretary of State for External Affairs*
*to Acting High Commissioner in Great Britain*

TELEGRAM 2201 Ottawa, September 23, 1945

SECRET. Addressed London No. 2201, Repeated Dublin No. 25. Your telegram 2727 of September 21st. Policy towards Ireland.

1. We are glad to hear of Irish approach and of Addison's policy, approved by the Cabinet, of friendship without ostentation. We would like to see this path followed as rapidly as public opinion in the United Kingdom will permit. We do not anticipate that there will be any serious criticism of such a policy in Canada.

2. The Irish Government doubtless is feeling rather friendless in the difficult world of today and we gather that they are increasingly conscious that their position during the war has greatly diminished their importance, both inside and outside the Commonwealth.

3. You may inform Addison that we would welcome the re-admission of Ireland to the Commonwealth circle and generally endorse his point of view. Since it is most desirable that there should be as little public controversy as possible on this question, we feel that the United Kingdom should be the chief judge of how fast progress can be made in this direction without arousing domestic opposition. If it is felt that a personal message from me to de Valera would be of value, I should be glad to give consideration to its despatch.

## SECTION F

## NOUVELLE-ZÉLANDE
## NEW ZEALAND

**857.** DEA/4229-40

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Nouvelle-Zélande*

*Secretary of State for External Affairs*
*to High Commissioner in New Zealand*

TELEGRAM 36 Ottawa, May 4, 1944

Your telegram No. 50 of May 1st re double taxation agreement. Draft agreement submitted by New Zealand Government[100] in connection with granting of reciprocal exemption from income tax has been examined by Department of National Revenue and in their opinion the draft forms satisfactory basis for discussion between the two countries.

It would be preferable from our point of view to use the term "chargeable by (repeat by) the Dominion" in Articles 2 and 4 rather than "in (repeat in) the Dominion." The latter wording would be wide enough to include any taxes which may be administered by the Provinces of the Dominion, and the Dominion in entering into any Agreement with New Zealand could not bind the Provinces in respect of any taxes imposed by Provincial Legislation.[101] While for duration of war the Dominion is collecting all income taxes imposed on individuals and the Provinces have vacated this field temporarily, there are certain corporate taxes still being imposed and collected by the Provinces.

Copies of an Office Consolidation of our Income Tax Law† and pamphlet setting out conditions affecting carrying on of business in Canada† are going to you by air mail. This will doubtless be of assistance to New Zealand Government when considering provisions of Income War Tax Act.

**858.** DEA/4229-40

*Le haut commissaire en Nouvelle-Zélande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in New Zealand*
*to Secretary of State for External Affairs*

TELEGRAM 52 Wellington, May 29, 1944

Your telegram of May 4th, No. 36, regarding Double Taxation Agreement.

(1) With regard to suggestion that terms "chargeable by Dominion" be used in Articles 2 and 4, and the reason given for amendment, the New Zealand

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[100]Volume 9, pièce jointe du document 943./Volume 9, enclosure, Document 943.
[101]Note marginale:/Marginal note:
OK. H. W[rong]

Government consider that as Agreement binds Dominion Governments but not Provincial Governments, the reciprocal nature of the Agreement may be affected if any Provincial Government should recommence to impose and collect income tax after the end of the war, and ask whether it may be considered advisable to terminate Agreement under Clause 6 in such an event. (Dominion-Provincial Taxation Agreement Act, 1942, was shown to competent officials in this connection.)

(2) New Zealand Government would also appreciate advice of the Canadian Government with regard to nature of "certain corporate taxes" at present being imposed by the Provinces. They assume "such taxes are in the nature of annual license fee for permission to trade and are not true income taxes and that such corporate taxes may not have affected persons who are entitled to exemption in Canada under the Agreement — namely persons resident in New Zealand and not in Canada and not having any branch or management in Canada but merely trading in Canada through agents."

(3) New Zealand Government assume, as no comment has been made upon alteration in Articles 1, 2, 3 and 4, with regard to commencement of operation of Agreement, the Canadian Government agrees with alterations, and in particular with wording "in respect to 1943 taxation period" in Articles 2 and 4. (There are 2 texts of New Zealand amended proposals on file identical except for year in Article 2 and 4. There is doubt as to whether copies forwarded to you with my despatch No. 199 of August 19th, 1943, read "1943" or "1944" taxation period. The New Zealand Government understands "1943 taxation period" in Canada most closely corresponds to "year of assessment commencing April 1st, 1943" in New Zealand.)

**859.** DEA/4229-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Nouvelle-Zélande*

*Secretary of State for External Affairs to High Commissioner in New Zealand*

DESPATCH 124 Ottawa, October 10, 1944

Sir,—

I have the honour to refer to your telegram No. 52 of May 29th, 1944, regarding the proposed agreement between Canada and New Zealand for the avoidance of double taxation.

2. The Canadian authorities consider that the scope of the proposed agreement must be confined to the field of Federal income taxes and not extended to include or be affected by the right of provincial or state jurisdictions, which are sub-divisions of the Federal governments, to impose provincial or state income tax legislation within their proper competence. The provincial governments of Canada have vacated the income tax field only for the duration of the war. When hostilities have ended, the agreement under which these governments temporarily ceased to impose and collect income taxes, both

personal and corporate, will be terminated. There is no doubt that the provincial authorities will be anxious to have their source of revenue from income taxes reinstated as soon as possible after the defeat of the enemy, and that they would resist any attempt to fetter their freedom of action by international agreement.

3. It is regretted that it is not possible to specify and to describe the "certain corporate taxes" at present being imposed by the provinces of Canada. Some of these taxes are undoubtedly in the nature of annual licence fees for permission to trade and are therefore not true income taxes, but complete information could not be given without careful examination of all the Canadian provincial legislation regarding taxation. These provincial taxes cannot be brought within the scope of the proposed agreement.

4. The copy of the draft agreement received by the Department of National Revenue (Taxation) refers in Articles 2 and 4 to "the 1944 taxation period." If the following reasoning is correct, then the 1944 taxation period in Canada would correspond roughly to "the year of assessment commencing on April 1st, 1943" in New Zealand.

a) It appears to us that if Articles 2 and 4 were changed to read "the 1943 taxation period and fiscal periods ending therein" it would mean that if a New Zealand taxpayer operating in Canada and subject to tax in Canada had a fiscal period ending January 31st, 1943, he would be exempt from Canadian income tax for that period although eleven months of his twelve-month fiscal period were back in the year 1942, and only one month was in 1943. This would be giving the New Zealand taxpayer a whole year's advantage over the reciprocal relief to be extended to a Canadian taxpayer by the New Zealand Government under Articles 1 and 3, as the Canadian taxpayer would only obtain relief for a year of assessment commencing on April 1st, 1943, which presumably would be a year of assessment of the business between April 1st, 1943 and March 31st, 1944.

b) It may be that a Canadian taxpayer operating in New Zealand, even though his fiscal period ends June 30th, 1943, would be required to file his income tax return with the New Zealand Government for a period from April 1st, 1943, to March 31st, 1944, and if this is the case it would seem that the figures 1944 in Articles 2 and 4 should not be changed to 1943.

c) As Articles 2 and 4 stand in the copy of the draft agreement examined by the Department of National Revenue (Taxation) the phrase "the 1944 taxation period and fiscal periods ending therein" apparently means that any corporation whose fiscal period ends at any time between January 1st, 1944 and December 31st, 1944 would be covered so that a corporation whose fiscal period ended on January 15th, 1944 would obtain exemption although eleven and one-half months of its 1944 fiscal period extended back into the calendar year 1943.

5. I should appreciate it if you would discuss these questions with the New Zealand authorities. If you find that the New Zealand Government is substantially in accord with the Canadian position, you might inform them that

we should be very grateful if a revised text could be prepared in order to expedite the conclusion of the agreement.

I have etc.

H. H. WRONG
for the Secretary of State
for External Affairs

**860.** DEA/6864-40

*Le haut commissaire en Nouvelle-Zélande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in New Zealand*
*to Secretary of State for External Affairs*

DESPATCH 200 Wellington, December 11, 1944

CONFIDENTIAL

Sir,

With reference to your despatch No. 136 of November 1st[102] regarding to the threat to Canadian trade in the sterling area owing to the lack of dollar exchange, I have the honour to inform you that I shall be glad to report on specific cases that may come to my attention.

2. Canadian trade with New Zealand, since my arrival here, has suffered from the fact that New Zealand has considered that she has had to conserve her dollar exchange. The whole policy of import restriction is based very largely on the assumption that New Zealand purchases abroad not only must be controlled but also must, as far as possible, be restricted to the sterling area. The Minister of Finance, the Hon. Walter Nash, has, on numerous occasions, pointed out to me that since the United Kingdom is New Zealand's chief export market she must always be given the first opportunity of supplying New Zealand requirements. I see no possibility of the present government altering this policy.

3. For instance, the awarding of contracts for the supply of hydro-electric equipment, which I understand will be considered in the next month or six weeks, will, I believe, be determined not from the standpoint of technical superiority or of price but very largely from the standpoint of whether the United Kingdom can supply this equipment in time. I am convinced that the technical people in New Zealand consider Canadian equipment far superior to British equipment. As I pointed out in my despatch No. 47 of February 17th,† if the contracts were to be awarded purely on technical merits, either Canadian or Swedish tenders would be accepted in preference to British tenders.

4. I fully agree that "we cannot accept diversion of trade as inevitable," but on the other hand it will be necessary, so far as New Zealand is concerned "to explore every possibility with them in the hope of finding some arrangement

[102]Voir le document 826./See Document 826.

that will meet the legitimate requirements of both countries." Nevertheless, it will be necessary that this exploration should be made if Canadian exports to New Zealand are not to be limited very largely by the amount of our imports from New Zealand. One of the difficulties that Canada will face, should it be found possible to take more imports from New Zealand will be that they may not be available since the United Kingdom has already contracted to take dairy produce from New Zealand until 1948 and the total wool clip until one year after the war.

5. An editorial in *The New Zealand Herald* is fairly typical of public opinion here as regards trade within the sterling block. Referring to British export trade and the lump sum payments referred to in my telegram No. 67 of August 9th,† it states; "Her great hope is to rebuild her export trade to its former dimensions and then increase it by half. New Zealand should do all she can to second that effort. First the Government should pledge the country to spend every penny of the lump sums in Britain. Next it should not try to negotiate the sterling earnings of New Zealand produce for foreign currencies, but devote them instead to purchases within the sterling area. By following this trade policy we shall be helping ourselves by helping our best customer. That is sound business and it combines with sentiment and justice for, as Sir Harry Batterbee told Dunedin Rotarians the other day, 'It would be extremely unfortunate if England were to lose her markets abroad after she has put all her efforts into the war.' "

6. We may not like the United Kingdom High Commissioner's appeal to sentiment in the furtherance of British trade but it is very difficult to combat in view of the appeal it makes to the people of New Zealand. Australia, on the other hand, takes every opportunity offered by her membership in the sterling block to advance her trade. "Anzac" and what it stands for, as well as the recent Australian-New Zealand Agreement are also being appealed to for the furtherance of trade relations of the two countries.

7. Canada's position is not, however, as unfavourable as it might seem for in the past New Zealanders have been very well satisfied with their imports from Canada. There is likely to be sufficient effective demand to secure for us a fair share of New Zealand's trade but we will need to be watchful of New Zealand's selective import policy being used to discriminate against Canadian trade. Our recent Mutual Aid Agreement[103] has created a lot of good feeling in New Zealand and will more or less offset some of the advantages of our chief competitors.

I have etc.,

W. A. RIDDELL

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[103]Canada, *Recueil des traités*, 1944, N° 18.
Canada, *Treaty Series*, 1944, No. 18.

**861.** DEA/4229-40

*Le haut commissaire en Nouvelle-Zélande*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in New Zealand*
*to Secretary of State for External Affairs*

DESPATCH 20 Wellington, February 22, 1945

Sir,

With reference to my despatch No. 9 of February 8th[1] regarding taxation of non-resident traders, I have just received a letter over the signature of the Prime Minister, the Rt. Hon. Peter Fraser, stating:

2. "I have the honour to refer to your letter of the 13th November 1944,[2] with regard to the proposed Agreement between New Zealand and Canada for the avoidance of double taxation.

3. "It is clearly understood that the Agreement relates only to federal taxes and not to taxes imposed by the provincial governments, and in the event of the provinces resuming the function of imposing taxes, His Majesty's Government in New Zealand may consider it desirable to terminate the Agreement in respect of any province by giving six months notice in accordance with Article 6. Prompt advice from your Government of the resumption by any province of the right to impose income taxation would be appreciated.

4. "With regard to the corporation taxes imposed by the various provincial governments it would appear that, in general, such taxes are similar in nature to the license fees imposed by the New Zealand Government, and it is proposed to conclude the proposed Agreement notwithstanding the existence of such taxes.

5. "With regard to the comments relating to the appropriate date to be inserted in Articles 2 and 4 of the proposed Agreement, it appears that your Government is under a misapprehension as to the date from which Articles 1 and 3 of such Agreement, relating to the exemption from taxation granted by the New Zealand Government, commence to operate. These Articles apply for the year of assessment commencing on 1st April, 1943, and therefore operate to exempt income derived during the preceding income year commencing on 1st April 1942 and ending on 31st March, 1943. Where a taxpayer furnishes returns of income for a financial year ending on a balance date other than 31st March, the income derived during such financial year is, according to New Zealand law, deemed to be derived during the income year ended on 31st March nearest to such balance date. It follows that returns furnished for a financial year ending on any date between 1st October, 1942, and 30th September, 1943, (and therefore commencing on any date between 2nd October 1941 and 1st October 1942) will be deemed to be returns of income for the income year ended 31st March, 1943, and such income will be exempt from taxation accordingly.

6. "If the words 'the 1943 taxation period' are inserted in Articles 2 and 4 of the proposed Agreement the exemption conferred by the Canadian Government will operate in respect of the income included in the returns for any year ending on a date between 1st January, 1943, and 31st December, 1943, (and therefore commencing on a date between 2nd January, 1942 and 1st January, 1943). It is apparent, therefore, that the exemption granted by the New Zealand Government may operate in respect of income derived on or after 2nd October, 1941, in cases where a taxpayer's balance date is on 1st October, whereas the exemption granted by the Canadian Government cannot operate in respect of income derived prior to 2nd January 1942.

7. "It accordingly appears that the words 'the 1944 taxation period' appearing in the draft Agreement already forwarded should be deleted and the words 'the 1943 taxation period' substituted therefor. As this is the only alteration which it is considered necessary to make in the terms of the draft Agreement submitted, it is not proposed to forward a revised draft Agreement."

8. When I discussed the matter with the Minister of Finance, the Hon. Walter Nash, he pointed out that in order to render the proposed agreement as nearly reciprocal as possible and to avoid expense in administration by requesting traders to make unnecessary apportionments when furnishing returns, it had been considered advisable to substitute the words "1943 taxation period" for the words "1944 taxation period" in Articles 2 and 4.

9. The reason for this, he explained, was that under New Zealand taxation law, returns furnished to March 31st, 1943, are assessed in the assessment year ending March 31st, 1944, the tax normally being due and payable in February, 1944. Returns furnished for the year ending March 31st, 1943, however, include all accounting periods ending from October 1st, 1942, to September 30th, 1943, which accordingly include all income earned to those cases back as far as October 2nd, 1941.

10. He considered that it would readily be seen that the necessary apportionments and amendment of accounts would lead to additional expense and also to confusion, which he wished to avoid. He hoped, therefore, that this explanation would enable the distinction between the two taxing statutes to be more readily appreciated.

11. You will observe that the Government of New Zealand is ready to conclude the Agreement notwithstanding the possibility that provincial taxation may, to some extent, impose taxation at variance with the general tenor of the agreement, and that in such event they would only consider denouncing it as regards the Province concerned.

12. In my conversations with the Minister of Finance and the taxation authorities, they are still of the opinion that the substitution of the words "1943 taxation period" for the words "1944 taxation period" would assure the most equitable arrangement. As they are convinced that New Zealand would be conceding more under the Agreement than Canada because of their taxation procedure and as very small sums are, or are likely to be involved, I would

strongly urge that the Agreement be concluded on the basis proposed in the letter from the New Zealand Prime Minister.

I have etc.,

W. A. RIDDELL

**862.** DEA/4229-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Nouvelle-Zélande*

*Secretary of State for External Affairs to High Commissioner in New Zealand*

TELEGRAM 54 Ottawa, September 17, 1945

Your telegram No. 70 of September 5th† and your despatch No. 20 of February 22nd regarding proposed reciprocal taxation agreement between Canada and New Zealand.

The Department of National Revenue have now informed us that the proposed draft agreement, with the substitution of the words "1943 taxation period" for "1944 taxation period", is acceptable.

**863.** DEA/4229-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Nouvelle-Zélande*

*Secretary of State for External Affairs to High Commissioner in New Zealand*

TELEGRAM Ottawa, November 29, 1945

Your telegram No. 86 dated November 5, 1945.†. Memorandum of Agreement between Canada and New Zealand for Reciprocal Exemption of Certain Agency Profits from Income Tax.

The words "the Dominion of" are being deleted from Articles 2 and 4 of the Memorandum of Agreement as forwarded under cover of your despatch No. 129 dated September 29, 1945,† and you are requested to bring this alteration to the attention of the New Zealand authorities. As the change merely constitutes a correct description of this country and does not affect the substance of the agreement, it is assumed that no objection will be taken.

A submission is being placed before Council seeking authority to conclude the agreement in accordance with the New Zealand proposals, as above modified.[104]

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[104]L'accord fut conclu par un Échange de notes le 3 novembre 1945 et le 30 janvier 1946. Canada, *Recueil des traités*, 1946, N° 5.
The agreement was concluded by an exchange of notes of November 3, 1945 and January 30, 1946. Canada, *Treaty Series*, 1946, No. 5.

## SECTION G

### AFRIQUE DU SUD
### SOUTH AFRICA

**864.** DEA/2212-40

*Déclaration de la Sun Life Assurance Company*
*Statement by Sun Life Assurance Company*

February 5, 1944

DEPOSIT OF SECURITIES IN OTTAWA
WITH SOUTH AFRICAN GOVERNMENT REPRESENTATIVE IN CANADA
BY THE SUN LIFE ASSURANCE COMPANY OF CANADA

A new South African Insurance Act was passed in 1943. The Act had been declared "effective" as from April 1, 1944.

In general this Act controls the operations of all insurance companies in South Africa and, amongst other things, requires certain investments to be made in South Africa and also requires, under certain circumstances, a deposit of securities to be made outside South Africa.

The question in which the Sun Life Assurance Company of Canada is immediately interested relates to the question of deposit outside of the Union, involving an amount of approximately $7,500,000.

The following is the relevant section of the Act, so far as deposit is concerned:

"17(1). After the expiration of a period of six months as from the commencement of this Act, every registered insurer shall hold and keep within the Union, in respect of the insurance business which he carries on in the Union, assets of a value not less than the amount of all his liabilities in respect of that business: Provided that, during a period of five years and six months as from the commencement of this Act, any securities belonging to a registered insurer who immediately before the commencement of this Act was carrying on insurance business in the Union, which he has deposited or may deposit, with the Union's High Commissioner in London, or may deposit with the Union's High Commissioners in Australia, Canada or New Zealand, if such High Commissioners should be appointed, shall be deemed, for the purposes of this subsection, to be held by the insurer in the Union: Provided further that, during the said period, such insurer shall not transfer any assets from the Union for the purpose of deposit as aforesaid."

Last summer, on receipt of the text of the new Act from South Africa, we had assumed that we could make a deposit of securities, if we wished, with the Union Government's Representative in Ottawa. We had noted that he is technically styled "Accredited Representative", but had been given to understand, both by officials of the Department of External Affairs, as well as by Mr. de Waal Meyer himself, that he was, for all practical purposes, a High

Commissioner, and that such purposes could be expected to include the sort of deposit referred to in the above quoted Section of the South African Act.

In December, 1943, however, we received advice from Mr. de Waal Meyer, to the effect that he had, *on his own initiatve* , communicated last summer with the Union Government in Pretoria on this point, drawing to their attention, we believe, certain statements made by the Minister of Finance (Mr. Hofmeyr) in the Assembly Debates of April 9, 1943 (pages 5130 and 5132), in which the Finance Minister stated that he was prepared to amend Section 17(1) of the Act to include the words "or may deposit with the Union High Commissioner in Australia, Canada or New Zealand, if such High Commissioner should be appointed" — these words at that time not being then included in the Insurance Bill. Apparently Mr. de Waal Meyer's point of view was that the Finance Minister had made an incorrect reference in the Debates by implying that there was not, in effect, a High Commissioner in Canada. Mr. Meyer appeared to be concerned that references in the Assembly Debates should be more accurately expressed. At any rate, his communications were made purely on his own initiative, and without any request, or even suggestion, from us that he should do so.

In December last, we received a letter (attached) from Mr. Meyer,[1] which we acknowledged in due course (also attached).[2] This left us with the alternative of either making a deposit with the Union High Commissioner in London, or of sending non-Union securities to South Africa. The latter action would also conform to the requirements of the Law, which is satisfied either with the physical maintenance of assets in South Africa or with formal deposit in the event of assets being maintained outside of the Union.

The companies affected by the South African Insurance Act include a number of British companies who, for various reasons of their own, partly arising from legal conditions prevailing in England, have indicated a reluctance to make any deposit which is in the nature of a trust. However, when it became apparent that we could not, for the present, make the deposit in Ottawa, in spite of the provisions referring to a High Commissioner in Canada, contained in Section 17(1), we inclined to prefer making a deposit in London, rather than send non-Union securities to South Africa, which would be both exceedingly expensive (even in the case of registered securities) and unsatisfactory from many points of view, e.g., the fact that the securities would be several thousand miles away from the market in which dealings would take place should the Company wish to effect substitutions in the deposit.

At this point, about two weeks ago, we received from the Registrar of Insurance in South Africa, a proposed agreement covering any securities to be deposited with the Union's High Commissioner in London. Our lawyers find that this proposed agreement is completely unsatisfactory on various counts. It fails to safeguard either the Sun Life or its policyholders adequately, and it shows no adequate understanding of the practical requirements needed in any deposit agreement involving securities.

The Law requires that this deposit has to be effected by October 1st, i.e., within six months of the effective date. It will be virtually impossible, owing to

shortage of time and slowness of communication, to complete the rather detailed and intricate negotiations with the Registrar in Pretoria, which would be required before there was any chance of a satisfactory agreement being arrived at. The situation, so far as the London deposit is concerned, is complicated by the attitude of the British companies and what appears to be a fact, namely the desire of the Registrar in Pretoria to have a single form of agreement used by all companies making a deposit in London. Further, it is quite conceivable that the British companies, because of their special attitude towards deposit, may prefer to send securities to South Africa to be held there. On the other hand, for the reasons already mentioned, this would be most unsatisfactory for the Sun Life.

The whole problem can be solved, from our point of view, if the present "Accredited Representative" can come to be regarded by the South African Government as a High Commissioner, for the purposes of Section 17(1) of the Insurance Act, or perhaps be restyled "High Commissioner".

Of course it would still remain for the Sun Life to negotiate a deposit agreement satisfactory to the Registrar in Pretoria, but this should be more easy to accomplish than in the case of the proposed agreement for London for two reasons: firstly, that it would be a direct operation between the Sun Life and the Registrar without the complication of considering the differing attitudes of United Kingdom companies;[105] and secondly, that in Canada we could make, and would be prepared to make, a trust agreement covering these securities which would give the South African Government much better legal protection than they would receive from the type of agreement which they have already actually proposed for London.

Even if the negotiations for this agreement involved more delay than we expect, due to difficulties that might be created by the Registrar in Pretoria, Section 66 of the South African Insurance Act provides that —

"When an insurer is obliged, in terms of any provision of this Act, to perform any act within a specified period, the Registrar may, at the request of the insurer concerned, in any particular case, extend that period from time to time."

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[105]Note marginale:/Marginal note:
See letter of Feb 9[th] [concernant l'oblitération du mot "other"/re deletion of "other"].

**865.** DEA/2212-40

*Le haut commissaire en Afrique du Sud*
*au secrétaire d'État par intérim aux Affaires extérieures*

*High Commissioner in South Africa*
*to Acting Secretary of State for External Affairs*

Cape Town, May 4, 1944

Dear Mr. Pohl,

Since the date of my conference with you on April the 24th, with respect to the Insurance Act, 1943, I have obtained some further information from Canada.

I called your attention to the fact that under Section 17(1) of the Act, the deposit of securities may be made with the Union's High Commissioner in Canada, but that at the present time, the title of your representative in Canada is "Accredited Representative". Under the proper construction of the Act, I do not think that it will be possible for the Sun Life Insurance Company, and the Manufacturers Life Insurance Company, which are the two Canadian companies operating in South Africa, to deposit securities in Canada, and the deposit will, therefore, have to be made, either in London with the High Commissioner there, or the securities will have to be forwarded to South Africa.

For the reasons which I mentioned to you in our conference, the deposit of securities in London is objectionable, and the forwarding of insurance is so excessive, that it is practically prohibitive. For example, the cost of insuring $7½ million of registered securities destined for South Africa, would amount to approximately $123,000 as against the peace time cost of $6,000.

It would therefore be appreciated by my Government if an amendment could be made to section 17 of the Act, which would authorize the Minister of Finance to nominate the representative of the Union Government in Canada, by whatever name he may be styled, as a depository in connection with Canadian Life Insurance Companies.

I have etc.,

(C. J. BURCHELL)

**866.** DEA/2212-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*au haut commissaire en Afrique du Sud*

*Acting Secretary of State for External Affairs*
*to High Commissioner in South Africa*

Cape Town, May 19, 1944

Sir,

With further reference to your letter of the 4th, May, 1944, relative to the South African Insurance Act, 1943, I have the honour to inform you that the competent Union authorities have decided to amend the above Act but it will, however, not be possible to proceed with this amendment until the next session of Parliament. In the meanwhile steps will be taken to prevent embarrassment to Canadian companies, pending an opportunity to lay the proposed amendment before Parliament, by extending the period within which deposits have to be made. The Union Department of Finance is communicating direct with the companies concerned in order that the formalities necessary for this purpose may be passed through.

I have etc.,

F. D. POHL

**867.** DEA/6864-40

*Le haut commissaire en Afrique du Sud*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in South Africa*
*to Secretary of State for External Affairs*

DESPATCH 265 Pretoria, December 11, 1944

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 153 of November 1st[106] in which you enquire on behalf of the External Trade Advisory Committee if there has been any evidence of attempts to divert trade with this country from Canada to the sterling area.

2. When restrictions on imports into the Union were first introduced in September, 1941, they were openly discriminatory against Canada and other non-sterling countries. A list of commodities was gazetted, the importation of which were prohibited if of non-sterling area origin. Before that time the British authorities exerted considerable pressure on the South African Government to adopt such restrictions, and afterwards they were active in diverting trade from Canadian to United Kingdom channels. The British Trade

[106]Voir le document 826./See Document 826.

Commissioner, who incidentally is still here, was very busy in this connection. With the passing of time, however, and increasing shipping and raw material difficulties, United Kingdom exporters found themselves, to an increasing extent, unable to supply, and with the increase of export and import restrictions in all countries the discrimination which had existed was gradually abandoned.

3. In commercial circles it was often alleged that Britain was continuing to offer goods for export which had long since ceased to be obtainable from Canada or the United States, owing to their being required for the war effort. In other words, the inference was that the British were trying to keep their trade alive to a greater extent than we did, and for quite a while there was a lot of use of the slogan "Britain Delivers the Goods", "Business as Usual", and so on. This, of course, was not direct diversion but it is allied to the subject and I mention it in passing.

4. In any event, we have had no complaints on the question of diversion for about two years, and fairly exhaustive enquiries which were made following the receipt of your despatch, have failed to unearth anything of importance.

5. British interests are taking a keen interest in their postwar trading position in this country, which was one of their leading markets. So far, however, they appear to be making sentimental appeals rather than to be working on the basis of an alleged shortage of Canadian dollars or of shipping facilities. It has recently been alleged by a member of the British Parliamentary delegation who visited the Union a few months ago, that British trade has been diverted to the United States.

6. The Canadian Trade Commissioner in Johannesburg, who is in close direct touch with the commercial community, has been asked for an expression of opinion on this subject. He advises that while he has come across no large scale attempts, there have been a number of small cases which might indicate that the principle has not been completely abandoned. He has written in this connection as follows:—

"There is, in my experience, no positive indication of attempts to divert trade in South Africa from Canada to the United Kingdom, but there are a number of little facts which might support a view that such attempts have or are being made.

At the beginning of the year my Department advised that we could offer one million yards of woollen piece goods to South Africa; before any finalization was reached, my Department informed me that this offer had been withdrawn at the request of the United Kingdom authorities.

Early in the year, when I was in frequent contact with the Controller of Iron and Steel regarding the desirability of accepting offers then being made from Canada, at one meeting the then Deputy Director-General of Supplies, produced a substantial report on steel supplies in the United Nations which had sections dealing with the production of steel in the United Kingdom, the United States, India, Australia and South Africa. There was no section on Canada. That report, I understand, was prepared by a representative of the

Steel Control in the United Kingdom together with a representative of steel production in the United States.

Three months or so ago while discussing supplies of drugs and medicines with the Controller of Medical Requisites, he informed me that he had received a very complete report on the supply position in the United Kingdom, the United States, and possibly elsewhere, but that report made no mention of Canada as a possible source of supply.

There is, too, the fact that, especially earlier in the year, South African Controllers as a whole were instructed by the Director-General of Supplies that imports must be referred to Combined Boards in London. This caused some difficulties as, for example, when the agent for a Canadian manufacturer of aluminium powder informed me that his customers applying for import permits for about a total of 39 tons (of considerable value) were informed by the new Controller of Non-Ferrous Materials that their product could not be imported from Canada and must be purchased in the United Kingdom. I was successful in drawing the attention of the Controller to the fact that the ruling he was applying was applicable only to materials for military purposes.

The above are merely minor incidents which in themselves have no definite value but which, taken as a whole, might readily cause one to suspect that they form part of a concerted plan. Obviously, however, that is merely a suspicion.

Concerning business with the British Colonies in Central Africa, I have encountered difficulties from time to time in persuading the authorities to programme on Canada (e.g. agricultural implements for Northern Rhodesia) but those difficulties have, in the main, been overcome and reasonable proportions of business have frequently been programmed on Canada.

I have certainly found no disinclination whatsoever, on the part of the South African Controllers and similar authorities with whom I maintain contact, to give Canada and Canadian producers every opportunity to make offers. I do not refer to such obvious instances as the Paper Control which turns to Canada for a great part of the supplies required in the Union, though relations with that Control are very happy indeed. I have in mind more particularly the Textile Control. On each occasion when I have asked whether they would be prepared to programme on Canada for any particular type of goods they have invariably replied asking how much we can supply, and they will willingly include it in the programme. This, to some extent, negatives the points mentioned above and on that theme I should call your attention to the fact that the Steel Control in recent months has been willing to accept practically all offers from Canada but those offers have mainly been limited to pipe.

All in all, while at times I have been suspicious, I have no definite proof nor experience which would indicate that the United Kingdom authorities are making any serious attempt to divert South African trade from Canada to the United Kingdom."

7. In connection with the broad question of the diversion of trade to the United Kingdom, the domestic political background in the Union must also not be lost sight of. Since the Prime Minister's London speech of last November

when he spoke of an impoverished Britain after the war, the Nationalist press and political leaders have been warning the Government that this country must not be thrown open to a flood of British goods.

8. When speaking thus they are, of course, thinking about South African industry and production. Nevertheless, their economic policy favours doing business with everyone and is opposed to preference to anyone, particularly to the United Kingdom, for which reason I am doubtful if the Government would take any step which would make it evident that trade was deliberately being switched from other countries to Great Britain.

9. Before closing, and for whatever it may be worth, I will mention that when making enquiries on the subject, the head of the economic and commercial division of the Department of External Affairs volunteered the information that we should watch our market in this country for automotive products. Before the war automobile parts used to be one of our leading exports to South Africa, and he implied that something was pending which might prejudice that business.

10. Whether there is a connection or not I do not know, but Lord Nuffield[107] has been here in the Union for the past few weeks looking into the prospects for selling British cars after the war. On the other hand, as most of our parts are assembled here by what is considered a domestic industry, it is difficult to see how we can be harmed, unless the United Kingdom competitors are able to offer something more attractive to individual purchasers which, on the whole, they were not able to do prior to 1940.

11. We will keep this whole subject in mind and if there are any developments you will be advised accordingly. In the meantime, the answer to your enquiry is, as indicated, largely negative.

I have etc.,

J. C. MACGILLIVRAY
for High Commissioner for Canada
in the Union of South Africa

**868.** DEA/2212-40

*Le haut commissaire en Afrique du Sud*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in South Africa*
*to Secretary of State for External Affairs*

TELEGRAM 58 Capetown, June 1, 1945

My despatch of June 1st, No. 148.† Amendment to the Insurance Act has been passed by both Houses in the form enclosed with the despatch under reference without any amendments. Parliamentary session will end some time within the next two weeks when formal assent will be given by the Acting Governor General.

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[107]Président/Chairman, Morris Motors Ltd.

## CHAPITRE VIII/CHAPTER VIII

# RELATIONS AVEC LES ÉTATS-UNIS
# RELATIONS WITH THE UNITED STATES

### PARTIE 1/PART 1
### RELATIONS GÉNÉRALES
### GENERAL RELATIONS

**869.** DEA/1415-40

*Mémorandum du premier secrétaire*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from First Secretary*
*to Under-Secretary of State for External Affairs*

[Ottawa,] February 29, 1944

*Memorandum for the Under-Secretary*

UNITED STATES POLICY TOWARDS CANADA

*Is the United States unduly aggressive?*

Concern has been expressed by some Canadians that Canada may be in danger of becoming for practical purposes an adjunct of the United States without the formalities of annexation, and that in its relations with us the United States is becoming more insistent on getting its own way than is consistent with good relations between neighbouring countries. This feeling is reflected in the circulation of such stories as that of the United States Army telephone operator in the Canadian Northwest who is supposed to answer all calls, "United States Army of Occupation." To what extent have good relations between the two countries deteriorated under the pressure of war conditions?

*Successful wartime collaboration.*

It must first be emphasized that despite irritants which have crept in, which will be dealt with later, the record of collaboration between Canada and the United States has been one of which both countries can be proud. In August, 1940, the Permanent Joint Board on Defence was set up and in April, 1941, the Hyde Park Agreement was announced.[1] There followed a close degree of consultation and coordination in the fields of both military effort and civilian production. Representatives of Munitions and Supply and the Wartime Prices and Trade Board established direct contact with their opposite numbers in

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[1]Voir le volume 8, documents 93, 191./See Volume 8, Documents 93, 191.

Washington and were on the whole successful (with inevitable minor disagreements) in working out satisfactory arrangements for pooling the resources of the two countries for war production and civilian supply. Shipping, export control, economic warfare, censorship and various other fields have been characterized by close collaboration and fairly harmonious relations. The various joint wartime Canada-United States bodies such as the Joint Economic Committees and the Joint War Production Committee performed useful functions in working out these satisfactory arrangements.

*Sources of Friction.*

However, there is another side to the picture. There is in the United States some adherence to the view that participation in the war is a favour which the United States is conferring on humanity and which carries with it the right to run things their own way. Put in a slightly different form this is the feeling, expressed by the *Washington Times-Herald*, that the United States is in danger of losing its shirt to a pack of grasping allies and must insist on being reimbursed for its contributions. There is also the belief that "the American way" is by definition the best way. This outlook reinforces the natural desire of every country to protect and further its own interests. The result is a tendency to overlook the rights and feelings of smaller countries and an unwillingness to compromise when United States claims are contested by other nations. Every nation that has dealings with the United States has found this to be true; Latin America, Australasia and the Middle East are three widely separated areas that can be cited. Since Canada has closer relations with the United States than any other country, it would be surprising if we were not affected by those tendencies.

*Pre-war relations.*

In the pre-war period Canada had exceptionally good relations with the United States based on frankness and mutual understanding. Happily, there was an absence of the rather patronizing paternalism which is part of the Good Neighbour Policy. The State Department took special care to preserve these good relations, presumably because the interests of the United States were much better protected in this way than they could ever be by any policy savouring of domination which would arouse resentment in Canada. For this the credit goes largely to the European Division of the State Department which possessed excellent knowledge and understanding of Canadian conditions.

*Reasons for changes.*

The following seem to be the principal reasons for a somewhat brusquer tone on the part of the United States:

(1) Elements in the Administration in Washington are very set on getting their own way. Whereas in the past the European Division of the State Department were able to eliminate many of the tactless proposals put forward by other branches of the government, they are at present either unwilling or unable to do so. It is probably more inability than unwillingness, for the State Department's star has paled in comparison to the brighter gleams of the services and some of the special wartime agencies. Moreover, our relations with

the State Department cover a relatively wider area then they did in peacetime, and other divisions of the department are not always prepared to give the same consideration to Canadian views as the European Division.

(2) The Army and Navy are in a strong position. They dislike the civil departments and the State Department in particular and they are reluctant to discuss questions frankly with the State Department. They have easy access to the President as Commander-in-Chief and they are making the most of their opportunity.

(3) Civil wartime agencies such as the Foreign Economic Administration and the War Production Board are to a large extent staffed either by people who have never had occasion to think in international terms or by the go-getter type of businessman who regards with impatience the feelings of other countries. A certain forthrightness, if not bluntness, is apt to characterize the behaviour of these wartime agencies.

(4) Public opinion in the United States is frequently clamourous as a result of domestic political conflicts and elements in the Administration are prone at times to plead the necessity of a particular course of action on the ground that trouble would arise in Congress if anything else were done. This at times is pushed almost to the point of political blackmail.

*Examples.*

The most recent examples of what might be termed lack of consideration on the part of the United States are briefly summarized:

(1) *Argentina*

The United States did not consult us about the question of withdrawing diplomatic representatives from Argentina and applying various sanctions. Our information here came via London although in planning a move of this kind towards another Western Hemisphere country it would have been only courteous of the United States to have shared their information with us with a view to working out parallel policies. An embarrassing situation could have arisen if Canada and the United States had adopted divergent policies. This is not the first time that the United States has indicated an unwillingness to keep Canada from becoming too interested or active in Latin American affairs. Washington's successful blocking of invitations to Canada to join the Pan American Union in 1942 is the outstanding example.

(2) *Purchase of wheat.*

There was a dispute recently over the price of wheat which the United States government wished to buy from Canada. During the course of this the United States Embassy telephoned a rather abrupt message to the Acting Deputy Minister of Trade and Commerce to the effect that if we did not sell the wheat at the low price demanded by the United States, they would be forced to announce publicly that because of Canada's decision the United States would have to cut down on wheat shipments to the United Kingdom and the U.S.S.R. When our Embassy in Washington commented to Mr. Hickerson

of the State Department on the unsuitability of such tactics he was not familiar with the case though he subsequently attempted to defend his government's action. It is probable that if the European Division had been handling this question the blunder would not have occurred.

(3) *Border crossing regulations.*

Late in 1943, discussions were held between Canadian and United States officials with regard to the possibility of eliminating some of the tedious formalities imposed by the United States authorities on Canadians wishing to enter the United States. Subsequently, the State Department announced that it would put a new procedure into force immediately. When External Affairs suggested that it would be desirable to go over the new regulations in draft with a view to discussing any debatable points that might arise, the State Department refused and insisted on inaugurating the new procedure without giving us an opportunity even to make suggestions. The responsibility for this unwillingness to consult lies with the Visa Division of the State Department which has shown a similar attitude in the past. In 1940 the Visa Division succeeded in putting through its plan requiring passports and visas from Canadian visitors without allowing the European Division (to say nothing of the Canadian government) to hear of it until Presidential approval had been obtained.

(4) A Canadian company, Dominion Magnesium Limited, which, with the financial assistance of the Canadian government, had discovered a new and important way of making magnesium, entered into negotiations with Defence Plan Corporation, an agency of the United States government, which was anxious to obtain the rights to the new process for war purposes. Officials of the company believed that oral agreement had been reached on the payment which the United States government would make both during and after the war. However, Defence Plan Corporation repudiated the agreement, nevertheless continuing to use Dominion Magnesium's discoveries in a number of plants in the United States and have offered terms which both Dominion Magnesium and External Affairs regard as ridiculously low. The Canadian government made its first representations to the United States government in the summer of 1942 but a year and half have passed with only the most unsatisfactory replies having been received from the State Department. This is a case where a wartime agency is taking an unreasonable line and where the State Deprtment is unwilling or unable to do anything.

(5) *Postwar rights in defence projects.*

There is a good deal of feeling in Administration circles in Washington, as well as in the press, that the United States should have continuing postwar rights in defence projects such as airfields which have been built in foreign countries with United States funds. The Canadian government has already recognized the possibilities of friction contained in this attitude by deciding to pay for all permanent construction work on airways in Northwestern Canada.

(6) *Export control*

After prolonged discussion Canada and the United States together adopted a "decentralization plan" for exports to Latin America,[2] the purpose of which was to give the Latin American governments an opportunity to put forward their recommendations with regard to imports from North America. Because of short supply and shortage of shipping only a limited amount of goods can be shipped from North America and it was felt that the Latin American governments should be responsible for indicating which particular goods they felt were essential to the economies of their countries.

Canadian experience with this plan has not been particularly happy as the United States government has made a number of departures from it without telling us in advance. For example, the State Department applied a new set of rules to Bolivia without consulting the Canadian authorities and a number of other exceptions to the procedure were made which had the result of placing Canadian exporters at a disadvantage.

We eventually proposed the winding up of the scheme since the shipping situation had improved and shortage of shipping had been the principal reason for the plan in the first place. The United States replied to our suggestion by saying that they felt the plan should be retained as a measure of exchange control.[3] No Canadian authority, including the Foreign Exchange Control Board, could see any merit in this argument. The discussions are still continuing but this summary is sufficient to indicate a rather unsatisfactory lack of frankness on the part of the United States authorities which can perhaps be ascribed to the fact that the problem concerns Latin America where the United States prefers to have a pretty free hand. It can also be ascribed to the habits of wartime agencies.

*Canadian Behaviour.*

There is an important point which must be remembered in considering this evidence of failure on the part of the United States to consult us as much as we would like. Seen through United States eyes some of Canada's actions must raise doubts as to our friendliness, frankness or ability to resolve our own interdepartmental difficulties. In the case of the Maine woodsmen our action evidently appeared deliberately provocative when in effect we replied to United States representations by a statement in the House of Commons.[4] Again our decision to pay for the Northwest Airways[5] had some of the characteristics of an ultimatum about it. Other instances could probably be found in which, because we wanted to strengthen our case vis-à-vis the United States, we have announced decisions without prior consultation. Given a powerful and at times a pushful neighbour this is probably inevitable, but in criticizing the United States we must consider how our actions look to an observer in the State Department.

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[2]Voir le volume 9, documents 1126-38./See Volume 9, Documents 1126-38

[3]Voir *ibid*, documents 1144-49./See *ibid*, Documents 1144-49.

[4]Voir le document 1000; Canada, Chambre des communes, *Débats*, 1944, Volume I, pp. 215-17. See Document 1000; Canada, House of Commons, *Debates*, 1944, Volume I, pp. 206-8.

[5]Voir le volume 9, document 1077./See Volume 9, Document 1077.

*Conclusion.*

There can be no doubt that the United States has become a more difficult country to deal with as a result of wartime developments and may well be harder to deal with as time goes on, particularly if a Republican Administration is elected in November. Every country in the world must be prepared for energetic, aggressive and at times inconsiderate policies on the part of the Administration in Washington and as close neighbours we may see more of this than most other people. On the other hand, we have been fairly successful in protecting Canadian interests up to the present and there is no reason why we should not continue to do so if we are firm and reasonable when we have a good case. In the long run it would be unwise to take vigorous exception to instances of aggressiveness which are unimportant in themselves although these will undoubtedly occur. We should be prepared, however, to take a firm stand on important issues and when once the government has reached a decision we should make every effort to secure the concurrence of the United States government in that decision. If this is true it follows that the government should be advised to take a strong line only when the issue is important and we have a good case.

[R. M. MACDONNELL]

**870.** DEA/1415-40

*Le ministre, l'ambassade aux États-Unis au premier secrétaire*
*Minister in United States to First Secretary*

CONFIDENTIAL Washington, March 21, 1944

Dear Mr. Macdonnell:

I was very interested in receiving your letter of February 29th,[†] with the copy of a memorandum prepared in the Department on whether the United States policy toward Canada is becoming unduly aggressive and whether we should do anything about it.

I got the feeling in reading this memorandum that in the approach to the question, "Is the United States unduly aggressive?" there is rather greater effort to answer in the affirmative than in the negative; a feeling, however, that the last paragraph modified to a considerable extent. This approach would, I think, be natural enough, because it is the irritations, the things that we have to complain about, that make the greatest impression on us and may tend to throw the general picture out of balance. It is true that the memorandum begins with a paragraph on "Successful Wartime Collaboration", but from then on, until the last paragraph, it concerns itself largely with the reverse side of the picture, giving numerous and detailed examples to show that we are being "pushed about" by the United States. I would certainly be the last person in the world to deny that this happens. I would go further and say that under the "pressure of war conditions" it is happening more often now than before 1939. The next year will probably see a further deterioration (though "deterioration" is, I think, a bad word in that it gives a sense of permanency).

This is to be expected, both because of the impending elections and all that they mean in the conduct of government here and in the approach of victory against the enemy. A common danger is a great incentive to good manners. (I have never seen people so nice to each other as they were during the Blitz in London.) But that common danger is now receding, and some of the good manners will recede with it. Another thing which we have to take into account in our approach to this question is a wary sensitiveness on our own part, which one would expect in the relations of a small country to a great neighbour, especially when the two countries are so much alike as to make it easy to get on each other's nerves. I suppose there is no person in the world against whom a married man can develop so many grievances as his wife, but that does not necessarily mean that he thinks less highly of her than he does of the strange woman across the street! However, I think I had better abandon this particular illustration.

Whether we should protest against wrong actions on the part of the United States depends, I think, almost entirely, as you state in your last paragraph, on whether we are absolutely certain of our case and whether the damage done justifies the relief occasioned by getting the matter off one's chest. We certainly do not want to debase our coinage by too frequent protests, which people in the State Department will come to think of as unnecessary and often frivolous. This is, I think, particularly true in wartime, when nerves are frayed and tempers occasionally strained. When we are dealing with such a powerful neighbour, we have to avoid the twin dangers of subservience and truculent touchiness. We succumb to the former when we take everything lying down, and to the latter when we rush to the State Department with a note every time some Congressman makes a stupid statement about Canada, or some documentary movie about the war forgets to mention Canada. I think we have to be all the more careful these days, because the administrative machinery here, built on temporary war foundations, often functions so badly, and a lot of things are done which would never be done in a permanent, peacetime, well-ordered Civil Service. It is true, I think, that a great many of our difficulties arise out of the inexperience and, at times, ignorance, of the people brought in temporarily to take jobs in war agencies. At the same time, these very people have been of the most tremendous help to us, especially in supply and financial matters. They have hurt us a good deal in little matters, but have helped us immensely in big ones. That applies, I think, in general to the whole Government, and the increasing irritations which we are subjected to should not cause us to lose sight of that fact. I do not want to be too angelic in this matter or to suggest that we should adopt an Oxford Group attitude toward the people here. But I do not think we should be too bellicose either; especially as we ourselves often commit both sins of omission and commission in our relations with them.

You yourself cite as the main reason for the alleged change in the U.S. attitude, the increasing importance of wartime agencies and the Army and Navy. The latter provide a good example of the difficulty of coming to any sound conclusion in this whole matter. It is quite true that, as you know, the

U.S. Services can at times be very exasperating in their apparent obliviousness to the prides and prejudices of others. At the same time, our Staff people here will tell you that they hardly ever make an appeal for help to senior American Army and Navy Commanders without the latter leaning over backwards to meet them.

On page 4 you give political pressures as a reason for the present change in attitude. That is something which, it seems to me, should be easily understood in Ottawa. We are influenced by domestic political difficulties in our contacts with London, and even with Washington, just as they are here. Possibly we are only saved from going as far as the Americans do by the fact that we are not cursed with their system of government.

You give several examples of what might be termed lack of consideration for Canada on the part of the United States. The first concerns the action recently contemplated against Argentina. It is true that we were not kept informed. At the same time, we should not forget that we have not considered it necessary to have anyone in the Embassy here whose main duty has been to establish real and continuous contact with the Latin American Division of the State Department. That is our fault, not theirs. Is it accurate to say that Washington successfully blocked an invitation to Canada to join the Pan American Union in 1942? If I remember rightly (I may be wrong about this), it was not membership in the Pan American Union that was involved; merely attendance at a special Conference called to concert, if possible, Pan American policy after Pearl Harbour.[6]

Your second example concerns a dispute arising out of the purchase of wheat. I do not think we should make too much of this. After all, the blame was confined to an official or two of the U.S. Embassy in Ottawa, whose tactics were certainly disavowed by the State Department when they heard of it. I am a little surprised at the statement that Mr. Hickerson attempted to defend his Government's action in this matter. He told me that Taylor's[7] tactics were indefensible. The fact that he thought that our policy was also indefensible is not a matter about which we can complain.

Similarly, with Dominion Magnesium, Limited. We have a complaint here, but we have made it, it has been received, and a settlement, which I hope will be satisfactory, is being attempted. The case certainly is not all white on one side and black on the other.

The example, "Export Control", deals with a most irritating matter, but we should not forget in our irritation over the way it was handled, that our stake in Latin American business is pretty small, and hard-pressed U.S. officials here may possibly be forgiven for occasionally forgetting about it.

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[6]Voir le volume 9, documents 762-71./See Volume 9, Documents 762-71.
[7]Clifford Taylor, attaché (Agriculture), ambassade des États-Unis.

Having made these observations on the earlier parts of your memorandum, I now come to your conclusions in the last paragraph, which I think are very sensible and on which I congratulate you.

Yours sincerely,

L. B. PEARSON

## PARTIE 2/PART 2
## DÉFENSE
## DEFENCE

### SECTION A

### PERSONNEL DES FORCES ARMÉES
### ARMED FORCES PERSONNEL

**871.** DEA/2815-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 95 Ottawa, February 10, 1944

Sir:

I have the honor to acknowledge the receipt of your note No. 160 of December 27, 1943,[a] concerning jurisdiction of offenses committed by members of the armed forces of the United States in Canada.

A copy of your note was communicated in due course to my Government and I have been directed in reply to express to you the appreciation of my Government of the cooperation of the Canadian Government in this matter. I have been directed to add, however, that in view of certain comments in your note the following observations are considered necessary to clarify my Government's position in the matter.

Paragraph six of your note states that the Canadian Government feels justified in assuming that the authorities of the United States will, in all cases, submit any person who may be surrendered under the provisions of regulation 6 to trial before a United States Military Court.

I have been directed to say that as the Canadian Government is aware, my Government considers that under international law members of its armed forces in Canada are immune from the local jurisdiction in criminal matters. Whether a member of such forces, accused of an offense, should be brought to trial before a service court of the United States and if so, the nature of the charge which should be made against him, can only be determined by the

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[a]Volume 9, document 1094./Volume 9, Document 1094.

authorities of my Government in accordance with its laws. However, as a matter of courtesy my Government does not object to the procedure laid down in regulations 6 and 7, subject to the following understandings:

"Under the Articles of War (the act of Congress concerning courts-martial of the United States Army, 10 U.S. Code 1471-1593), no case can be tried by court-martial except after reference of the charges by the appropriate commanding officer to the court for trial. The 70th Article provides that no charge will be referred to a general court-martial until after a thorough and impartial investigation, at which the accused soldier has a right to be present, to cross-examine witnesses against him if they are available, and to offer evidence in his own behalf. All charges of felonies or other grave offenses against our soliders must be so investigated before they may be tried by court-martial. Less serious charges may be informally investigated in a similar manner. It may be anticipated that, in the majority of cases with which we are concerned, a *prima facie* case will be shown to exist, and the officer exercising court-martial jurisdiction will forthwith refer the charges for trial; but there will undoubtedly be some in which, on the ground of mistaken identity, self-defense, lack of evidence or its unconvincing character, or other good and sufficient reason, that officer will be of opinion that a *prima facie* case does not exist and that a trial is not justified. In such a case it is proposed that the appropriate military officer confer with the local Canadian prosecuting officer and endeavor to reach an agreement as to the proper disposition of the case. If such an agreement cannot be reached, it is suggested that the Canadian prosecuting officer refer the matter to the Attorney General of Canada for his opinion as to whether a trial should be held. Should the Attorney General, after considering the reasons why the United States military authorities think a trial should not be held, nevertheless conclude that a trial is necessary, the appropriate commanding officer will order that the trial proceed."

With reference to paragraph seven of your note, I have been directed to say that while concurrent jurisdiction would ordinarily be understood in the United States to mean that the authority first taking jurisdiction of the case would continue to exercise it, my Government has no objection to the procedure set forth in your note and it will issue appropriate instruction to its military commanders in Canada.

Concerning the comments in paragraph nine of your note, I may say that the legislation introduced in the Congress of the United States to implement the jurisdiction enjoyed by service courts of friendly foreign forces under the law of the United States, has the active support of the Department of State and it is hoped that the legislation will be enacted in the near future.[9]

I have been directed to say that my Government appreciates the suggestions contained in paragraph ten of your note and appropriate instructions will be

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[9]La loi, approuvée le 30 juin 1944, devint applicable aux forces canadiennes par la proclamation présidentielle 2626 du 11 octobre 1944.
The legislation was approved on June 30, 1944 and made applicable to Canadian forces by Presidential Proclamation 2626 of October 11, 1944.

issued to assure the cooperation of the service authorities of the United States in the matters referred to therein.

Section 2 (1) of the regulations[10] defining "member" contains a proviso that in paragraphs 5 and 6 of the regulations the word "member" means a member of the military or naval forces of the United States of America stationed in Canada or in Canada on military or naval duty, who when detained as mentioned therein, is wearing a uniform of such forces. It is assumed that this proviso was intended to remove from the operation of paragraphs 5 and 6 of the regulations, civilians attached to the armed forces of the United States in Canada. As worded, however, a member of the military personnel of the United States who is not wearing his uniform when detained appears to be excluded from the provisions of paragraphs 5 and 6 of the regulations. Although it may be improbable that a case of this kind will occur, the possibility exists and I have been directed to say that my Government could not agree that the status of a member of its armed forces is governed by whether he be in uniform.

Accept etc.

RAY ATHERTON

**872.** DEA/2818-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 26 Ottawa, March 9, 1944

Excellency:

I have the honour to refer to your Note No. 95 of February 10, 1944, concerning jurisdiction over offences committed by members of the armed forces of the United States of America in Canada.

2. I am very much gratified to learn that the arrangements are in general satisfactory to your Government. We have been greatly helped in reaching a mutually satisfactory solution of this question by the assistance rendered by you and by the members of your staff, as well as by the other members of the United States public service who have taken part in the negotiations.

3. The arrangements which you have set forth in the fourth paragraph of your Note will furnish a practical solution to the difficulty presented by the difference between the two Governments on the legal question.

4. With regard to the point dealt with in the eighth paragraph of your Note, it would not be possible to modify the position established by the provisions of

[10]Volume 9, document 1093./Volume 9, Document 1093.

the Order in Council in this respect. I am confident, however, that no insuperable difficulties will arise in actual practice.

Accept etc.

J. E. READ
for the Secretary of State
for External Affairs

**873.** DEA/1539-B-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 332 Ottawa, June 13, 1945

Sir:

I have the honour to state that my Government believes the prosecution of the war would be facilitated by a more speedy and effective return to military jurisdiction of members of the Armed Forces of the United States and Canada who have either deserted or are absent without leave and are located in the territory of the other country.

I have been directed to suggest, therefore, that the Canadian Government may wish to agree that the military authorities of the United States and Canada shall cooperate to the full extent provided by the respective laws and regulations of the two countries in apprehending such offenders and returning them to the custody of the appropriate authority of the government from whose military service they have deserted or are absent without leave.

If this proposal meets with your approval I suggest that my note and your reply constitute the agreement of our two governments on the subject.

Accept etc.

RAY ATHERTON

**874.** DEA/1539-B-40

*Le secrétaire d'État par intérim aux Affaires extérieures*
*à l'ambassadeur des États-Unis*

*Acting Secretary of State for External Affairs*
*to Ambassador of United States*

No. 104 Ottawa, October 26, 1945

Excellency,

I have the honour to acknowledge receipt of your Excellency's Note. No. 332 of June 13, 1945, in which you inform me of your Government's belief that the prosecution of the war would be facilitated by a more speedy and effective return to military jurisdiction of members of the armed forces of the United

States and Canada who have either deserted or are absent without leave and are located in the territory of the other country. Consequently, your Government suggests that the Canadian Government may wish to enter into an agreement to the effect that the military authorities of the United States and Canada shall cooperate to the full extent provided by the respective laws and regulations of the two countries in apprehending such offenders and returning them to the custody of the appropriate authority of the government from whose military service they have deserted or are absent without leave.

Before concluding such an agreement, the Canadian Government thought it advisable to make provision in Canadian law for the apprehension and return to the United States of deserters and absentees without leave from the United States Armed Forces. Suitable provision has now been made by Order in Council P.C. 6577 of Oct. 23, 1945,† two copies of which are enclosed herewith.

Although actual hostilities have now ceased, it is assumed that the general considerations which prompted the proposals put forward in your above mentioned Note remain unchanged and that it is still the desire of your Government that the proposed agreement be concluded.

I have, therefore, the honour to inform your Excellency that my Government is prepared to accept the proposals put forward. The agreement may accordingly be regarded as concluded by your Excellency's Note and this reply thereto.

Accept, etc.

H. WRONG
for Acting Secretary of State
for External Affairs

## SECTION B

## FINANCEMENT, CONTRÔLE ET ÉLIMINATION DES PROJETS DE DÉFENSE AMÉRICAINS AU CANADA

## FINANCING, CONTROL AND DISPOSITION OF U.S. DEFENCE PROJECTS IN CANADA

**875.** DEA/3634-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1109 Washington, February 24, 1944

IMMEDIATE. My WA-1108, February 24th, payment for airways in Northwest Canada. Following is the text of the note dated February 24th, from the State Department, Begins:

"His Excellency
Leighton McCarthy, K.C.,
Ambassador of Canada.

"Excellency:

"I have the honour to refer to Mr. Hull's note of December 24, 1943,† acknowledging the receipt of your note No. 643, December 18, 1943[11] on the Canadian Government's decision with respect to payment for air fields and ancillary facilities in Northwestern Canada.

"The views of the interested authorities of this Government having been ascertained, I am now in a position to inform you that this Government will gladly enter into discussions with the Canadian Government on this subject and that it is prepared to do so at an early date. The construction of permanent facilities on Canadian air fields was undertaken in accordance with agreements reached between the United States and Canadian Governments through the medium of the Permanent Joint Board on Defense, as a military measure for the common defense of the North American Continent. The proposal of the Canadian Government to pay in full for such facilities is accepted as indicative of the desire of the Canadian Government to contribute their full share in meeting the common problems of mutual defense.

"It is suggested that at the forthcoming discussions it may be mutually convenient to agree upon a lump sum figure which would be subject to readjustment after the conclusion of hostilities, when full data are available. In any event the American authorities look forward to receiving a tentative agenda at the convenience of their Canadian colleagues as well as an indication of preference as to the time and place at which the discussions might be held.

"In communicating the foregoing message I may state also that the Government of the United States anticipates entering into discussions at the proper time relative to the post war use on a reciprocal basis, of these and other air fields.

"Accept, Excellency, the renewed assurances of my highest consideration.

"For the Secretary of State:
"A. A. BERLE, JR."

Ends.

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[11]Voir le volume 9, document 1077./See Volume 9, Document 1077.

**876.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 10, 1944

. . .

NORTHWEST STAGING ROUTE: ADDITIONAL CONSTRUCTION

10. THE MINISTER OF NATIONAL DEFENCE FOR AIR reported that the request of the United States for additional construction on the Northwest Staging, involved major repairs to runways at an estimated cost of $4,347,754 and miscellaneous construction and improvements to roads and runways at an estimated cost of $1,680,435. These requests were urged as necessary to maintain the Route in good condition, to accommodate present traffic, and to permit an anticipated increase.

With the exception of construction at Edmonton and Prince George, all the work would, in accordance with present agreements, normally be carried out by U.S. contractors.

(Memorandum, Chief of Air Staff to the Minister, March 3, 1944).†

11. THE WAR COMMITTEE, after discussion, agreed that, pending the outcome of the forthcoming discussions with the U.S. Treasury,[12] the U.S. request be not approved and that the U.S. government be informed accordingly.

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**877.** DEA/5380-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 110 Ottawa, March 13, 1944

Sir:

I have the honor to acknowledge the receipt of your note No. 106 of September 7, 1943,[13] regarding the construction and development of various defense projects in the Canadian Northwest.

Your note was submitted to my Government for its consideration and I have now been instructed to reply as follows:

The proposals relating to the acquisition of land and buildings in connection with the construction and development of defense projects in the Canadian

[12]Voir le document 1046./See Document 1046.
[13]Volume 9, document 1064./Volume 9, Document 1064.

Northwest, as outlined in your note under acknowledgement, have been considered by the appropriate authorities of my Government. Subject to the suggestions which follow, the American Government is in accord with the terms of your note under acknowledgement and is willing to enter into an agreement to give effect thereto.

The Division Engineer at Edmonton believes that in order to expedite action a Canadian Government land acquisition office should be established at Edmonton. The establishment of such an office would not only expedite the required acquisitions but would also provide a place of direct contact for the owners from whom the acquisition is being made. For example, the United States Quartermaster Depot at Edmonton is built on a site for which rights-of-entry were secured in March, 1943, by the Division Office and as yet no arrangements have been made by the Canadian authorities for acquisition of the privately owned land. Inquiries made to the Division Office concerning the probable time of payments are referred to the proper office in Winnipeg, but the landowners still consider the United States as responsible for the acquisition and payment therefor.

In paragraph six of your note it is stated that "the right of user should be deemed to continue in the United States authorities for the duration of the war....." Inasmuch as the great majority of wartime arrangements entered into between the two Governments provide that they shall continue for the duration of the war and six months thereafter, it is suggested that your proposal be amended to include the phrase "and six months thereafter". Likewise in the same paragraph it is provided that the American Government shall "as a general principle, endeavour to restore the sites involved to their original state." It appears to the American authorities that even stated as a general principle such a commitment would not be realistic in that where buildings have been constructed and extensive improvements have been made the Canadian authorities would hardly wish or expect a restoration of the site to its original state. It is suggested, therefore, that the final sentence of paragraph six be terminated with the word "land".

While it is agreed that in certain instances disposition of installations, buildings, and other structures erected on property made available to the United States Government may appropriately be made in accordance with the principles laid down in the exchange of notes of January 27, 1943,[14] it was the intent of the two Governments at the time that this formula was adopted to make use of it only where special arrangements appropriate to the particular case in hand had not been adopted. My Government continues to prefer, wherever possible, to enter into *ad hoc* agreements covering specific projects and will shortly put forward several proposals to that end. It is, therefore, suggested that following the word "shall" in the penultimate sentence of paragraph six there be inserted the phrase "in the absence of special arrangements covering individual projects". Furthermore, inasmuch as the

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[14]Canada, *Recueil des traités*, 1943, N° 2.
Canada, *Treaty Series*, 1943, No. 2.

Canadian Government's proposals refer not only to the acquisition but also to the disposal of property, it is believed that the penultimate sentence of paragraph seven should include the words "or the disposition" following the words "the development" (of defense projects).

With regard to paragraph four of your note, Major General W. W. Foster, Special Commissioner for Defense Projects in Northwest Canada, has been given a copy of a report entitled "Land and Premises Occupied by the United States of America in connection with National Defense Construction in Northwest Canada"[1] which lists all property occupied by the United States forces in Northwest Canada as of January 31, 1944. The Office of the Chief of Engineers, United States War Department, has commented on this document as follows:

"On perusal of the report it will be noticed that in all cases property has been acquired by lease. The Northwest Division has made no attempt to acquire a vested interest in real estate in the Dominion of Canada, and has acquired leasehold interests for the duration of the emergency and as much as one year thereafter. The contractors have in all known instances acquired a leasehold interest for the duration, and in some cases for a longer period, and have made no known effort to purchase the fee although some of the leases do contain options to purchase. The Jesuit College property is listed at the bottom of page 23 as being acquired by the Dominion of Canada although originally purchased by the United States."

As it appears that the procedure outlined in your note is, in the main, that which has been followed by the United States Division Engineer, Northwest Division, since March, 1943, it is not anticipated that the proposed agreement will present any serious difficulties. It has been reported, however, that the Canadian authorities have taken the position that contractors may not be accorded the right to use Dominion land free of charge. Furthermore, the text of paragraph five of your note under reference suggests that there may be a divergence of viewpoint between our two Governments as regards the position of contractors with respect to land utilized by them in connection wth defense projects.

Inasmuch as cost-plus-fixed-fee contractors are, in effect, agents of the United States, and any expenditures of funds made by those contractors on the acquisition or rental of property will ultimately be reimbursed by the United States, property acquired by such contractors for utilization by them in connection with their construction work should, in the opinion of my Government, be considered as property acquired by and for the use of the United States. Under the circumstances, an indication of the views of your Government on this point will be appreciated.

Accept etc.

RAY ATHERTON

**878.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 15, 1944

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NORTHWEST STAGING ROUTE: U.S. PROGRAMME FOR REHABILITATION OF AERODROMES

5. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS referred to the discussions of the War Committee on March 10th, 1944, and reported that the U.S. government was not willing to include payment for the new construction requested in the over-all financial settlement terminating the Canada-U.S. financial balances agreement.

6. THE MINISTER OF NATIONAL DEFENCE FOR AIR pointed out that the War Committee, on June 18th, 1943, had agreed that no Canadian contractors and labour be employed north of Edmonton.[15] The easing of the labour situation, however, would make it possible to modify this decision and it would be desirable for Canada to assume responsibility for that part of the U.S. request involving reconstruction and major maintenance of runways.

(Letter, Minister of National Defence for Air to Secretary, Mar. 15, 1944).†

7. THE MINISTER OF MUNITIONS AND SUPPLY expressed Agreement with the Minister of National Defence for Air. In view of higher U.S. costs, if Canada was to assume financial responsibility, construction should be carried out by Canadian contractors and labour.

There might, however, be one or two instances where U.S. contractors already on the scene should be used rather than bring in new contractors and equipment.

8. THE WAR COMMITTEE, after further discussion, agreed:

(a) that the War Committee decision of June 18th, 1943, be modified to provide that, henceforth, Canadian contractors and Canadian labour be employed to the fullest extent possible in all future construction on the Northwest Staging;

(b) that the U.S. request for additional construction on the Northwest Staging be approved; and

(c) that the Canadian government assume full financial responsibility and grant all contracts for construction of a permanent nature involved in this request.

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[15]Voir le volume 9, document 1055./See Volume 9, Document 1055.

879. DEA/3634-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État des États-Unis*

*Ambassador in United States*
*to Secretary of State of United States*

No. 105 Washington, March 20, 1944

Sir,

I have the honour to refer to your note of February 24th on the subject of the Canadian Government's decision with respect to payment for airfields and facilities in Northwestern Canada.[16]

The Canadian Government believes that discussions should take place as soon as possible with a view to agreeing on the amount which will be paid to the Government of the United States. I am therefore instructed to inform you that Canadian representatives will be prepared to come to Washington as soon as may be convenient to the United States authorities to participate in these financial discussions.

The suggestion put forward in your note, that a lump sum figure might be agreed upon which would be subject to readjustment after the conclusion of hostilities, has been received with interest by the Canadian authorities. They are inclined to the view that sufficient data may now be available to make possible an agreement on expenditures up to the end of 1943 which would not require subsequent readjustment. However, the alternative methods of reaching an agreed figure can best be considered at the forthcoming discussions. These discussions, in the view of the Canadian Government, should include consideration of expenditures by the Government of the United States on airfields and permanent facilities under the following headings:

1. Northwest Staging Route
2. landing strips along the Alaska Highway
3. Mackenzie River Route; and,
4. other air facilities of a permanent nature in Northwestern Canada.

With regard to the final paragraph of your note, the Canadian Government have noted the proposal of the Government of the United States that discussions be held at the proper time relating to the postwar use on a reciprocal basis of these and other airfields. This question is part of the larger subject of the future of international air transport, on which the Canadian Government has already indicated its willingness to enter into discussions at an appropriate time with the Government of the United States.[17]

Accept etc.

L. B. PEARSON
for the Ambassador

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[16]Voir le document 875./See Document 875.
[17]Voir le document 188./See Document 188.

**880.** W.L.M.K./Vol. 354

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affaires to Prime Minister*

SECRET [Ottawa,] March 28,1944

I am enclosing copy of a letter† handed to me by the United States Minister [Ambassador] this morning, together with a covering note of our conversation, which I am sending to Mr. Power, Mr. Howe and Mr. Heeney. The United States Government is asking, as a matter of urgency, for reconsideration of the decision to take over forthwith, with Canadian contractors and Canadian labour, the construction of additional facilities on the Northwest Staging Route. Their contention is that the change-over from United States to Canadian contractors and employees will inevitably cause about two months' delay in carrying out the approved programme, and that in view of the "sudden and extraordinary activities and movements" which may be expected through Edmonton and over the Northwest Staging Route this summer, such a delay could have serious military consequences.

I told Atherton that I thought the War Committee would wish to know what these "sudden and extraordinary" movements were likely to be. The Canadian Government would have to satisfy itself that the accelerated timetable which the United States wanted was required by prospective military developments, and that it could not judge such a question without having some picture of the operations contemplated in the North Pacific area. Atherton said that last summer, before the Quebec Conference, there had been some consideration given in Washington to the desirability of inviting the closer association of Canada with the higher direction of the war in theatres where Canadian forces were engaged. He said that the response to this suggestion in the United States quarters had been quite receptive, but that difficulties had been seen by the United Kingdom which feared that any such arrangement would complicate the position of other Dominions.

[N. A. ROBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Under-Secretary of State for External Affairs*

The United States Ambassador left me the attached letter† this morning, enquiring whether, for the reasons set forth, the Canadian Government would be willing to reconsider its decision to take over, immediately, full responsibility for additional construction required on the Northwest Staging Route.

Mr. Atherton said he understood from General Henry[18] that, in some areas, the Canadian authorities appeared to be disposed to allow United States contractors and labourers already in the field to proceed with construction. It was hoped that this policy might be extended to cover the other projects, the completion of which was urgently required.

The United States War Department had asked him to stress the operational urgency of this request, to which they attached the highest importance. The War Department recognized that the modification of present plans which their request involved might affect the Morgenthau-Ilsley arrangement,[19] regarding maximum Canadian balances of United States funds. If there were complications on this score, the War Department "would take care of the United States Treasury."

I told Mr. Atherton that his Government's request would be considered by the War Committee tomorrow. I thought they would be unwilling to modify the policy agreed upon unless there were overpowering military considerations which would make it necessary to avoid, at all costs, the possible delay of six weeks to two months involved in changing over from United States to Canadian construction. It was, perhaps, unfortunate that each previous American request for the creation of new facilities, or the enlargement of old ones, had been attended by a plea of urgency which events had not justified in every case. To make sure of sympathetic consideration of his Government's request, I thought he should be in a position to enlarge on "the sudden and extraordinary activities and movements through Edmonton and over the Northwest Staging Route" which his letter cited as the reason for asking the Canadian Government to defer action on its decision to take over responsibility for all construction work of a permanent nature. The War Committee would need to know just what military considerations were implied in this reference, so that it could decide what action Canada should take.

[N. A. ROBERTSON]

**881.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 29, 1944

. . .

NORTHWEST STAGING ROUTE; REHABILITATION OF AERODROMES; U.S. REQUEST

3. THE SECRETARY referred to the decisions taken by the War Committee on March 15th, approving the U.S. request for additional construction, and

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[18]Major général G. V. Henry, représentant principal de l'armée des États-Unis, CPCAD.
Major-General G. V. Henry, Senior United States Army Member, PJBD.

[19]Voir les documents 1048, 1050./See Documents 1048, 1050.

stipulating that all contracts for construction of a permanent nature should be granted by the Canadian government, rather than by the United States.

After examining the details of the construction programme proposed by the United States, the Department of Transport recommended that the U.S. Engineering Department be permitted to complete those portions at Whitehorse and Fort St. John, consisting for the most part of the rehabilitation of runways, and that the remainder, namely the permanent construction at Edmonton, Grande Prairie, Fort Nelson and Watson Lake, be performed by direct contract from the Department of Transport. The Department also recommended that they be permitted to make such minor modifications as might from time to time be considered desirable so as to permit the U.S.E.D. to undertake minor additional items of construction where the Department considered such action appropriate. It was estimated by the Department of Transport that the work at these four aerodromes would require an expenditure of some $4,950,000.

The Special Commissioner for Defence Projects in Northwest Canada had conferred with Transport Engineers and the U.S. Commanding General at Edmonton, and concurred in the recommendations of the Department of Transport.

(Letter, Deputy Minister of Transport, to the Secretary, March 28, 1944).[1]

4. THE PRIME MINISTER said that, the previous day, the U.S. Ambassador had handed to the Under-Secretary of State for External Affairs a letter urging that the Canadian government reconsider their decision to take over immediately full responsibility for additional construction required on the Route.

The U.S. War Department had initiated this request on grounds of operational urgency to which the highest importance was attached. They spoke of "sudden and extraordinary activities and movements through Edmonton and over the Northwest Staging Route" and represented that the transfer of construction activities to Canadian control would delay the work "not less than approximately two months."

Mr. Atherton had been unable to enlarge to any extent upon the military considerations to which such emphasis had been attached by the U.S. War Department.

(External Affairs memoranda and attached copy of letter, U.S. Ambassador to Under-Secretary of State, March 28, 1944).[1]

5. MR. HEENEY said that upon receipt of this communication from the U.S. Embassy, the Department of Transport had been requested to review the position and report upon their ability to undertake the required construction with the despatch necessary to meet the operational necessities urged by the U.S. War Department.

The Deputy Minister of Transport had now reported that after checking carefully the situation in respect of contractor, plant and labour, the Department's Engineering Division were prepared to assume responsibility for the rehabilitation programme (except at Whitehorse and Fort St. John) and to

complete it with expedition and efficiency which would compare favourably with the performance of U.S. authorities. The Minister of Munitions and Supply approved the Department's recommendation to assume this responsibility, and negotiations for contracts and plans were already under way.

(Letter, Deputy Minister of Transport to the Secretary, March 29, 1944).[1]

6. THE WAR COMMITTEE, after discussion, agreed:

(a) that the decision of March 15 regarding the granting of contracts by the Canadian government be re-affirmed;

(b) that the United States be permitted to complete the work at Whitehorse and Fort St. John, as recommended;

(c) that the Department of Transport be directed to press forward with the utmost despatch the programme for permanent work at Edmonton, Grande Prairie, Fort Nelson and Watson Lake;

(d) that the Department of Transport be authorized to make such modifications as may be considered desirable by their Engineers to permit additional minor items of construction to be undertaken under U.S. auspices; and,

(e) that the U.S. government be informed of the above decisions.

. . .

**882.** DEA/3634-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Ambassador in United States*
*to Acting Secretary of State for External Affairs*

DESPATCH 115 Washington, May 3, 1944

SECRET

Sir,

I should like to refer to your EX-1628 of April 18th[1] and other correspondence regarding the meeting of representatives of the United States and Canadian Governments held at Washington, April 25 and 26, 1944, to discuss the details of the Canadian Government's decision to pay for United States air installations in Canada and other installations.

2. We have prepared a draft report on this meeting and enclose three copies of it herewith. We are giving two copies to Mr. Hickerson of the State Department. Mr. Hickerson favours the idea of having a report on the meeting agreed to by the two Governments. I shall send you Mr. Hickerson's comments on the enclosed draft as soon as they are received and, in the meantime, hope to receive your comments.

3. On page 2 of the enclosed draft report, we quote extracts from the schedule to the so-called Ilsley-Morgenthau agreement of March 24, 1944. As we do not have an authoritative copy of this schedule, I would suggest that the extracts quoted in the enclosed report should be checked with particular care.

4. As stated in paragraph 18 of the enclosed draft report, it was agreed at the meeting that Mr. Hickerson of the State Department and Mr. Wershof of the Embassy should revise the draft diplomatic note which was discussed at the meeting. As soon as they have completed the work of revision, I shall send the draft to you for your approval.

I have etc.

L. B. PEARSON
for the Ambassador

[PIÈCE JOINTE/ENCLOSURE]

*Projet de rapport du deuxième secrétaire, l'ambassade aux États-Unis*
*Draft Report by Second Secretary, Embassy in United States*

SECRET Washington, May 2, 1944

REPORT OF MEETING OF REPRESENTATIVES OF THE UNITED STATES AND CANADIAN GOVERNMENTS HELD AT WASHINGTON, APRIL 25 AND 26, 1944, TO DISCUSS THE DETAILS OF THE CANADIAN GOVERNMENT'S DECISION TO PAY FOR UNITED STATES AIR INSTALLATIONS IN CANADA AND OTHER INSTALLATIONS.

*Present* (Here insert list)[20]

*Background*

1. In note No. 643 of December 18, 1943, the Canadian Legation informed the United States State Department that the Canadian Government "will not accept payment from the United States Government for the construction of any permanent facilities or improvements made by the Canadian Government on United States Government account on airfields in Northwest Canada, and will make payment to the United States Government for all construction of a permanent nature carried out by the United States Government on air routes in this area." This decision referred to the Northwest Staging Route, the air strips along the Alaska Highway, and the air strips along the Mackenzie River (which are related to the Canol Project).

2. In March, 1944, the Canadian Government decided to extend this decision to the "Crimson Route" in Northwest Canada, the airfield at Mingan, P.Q., the telephone line from Edmonton to the Alaska border, and the air installations at Goose Bay, Labrador. The Canadian Government also decided to pay for the proposed "rehabilitation" program on the Northwest Staging Route. The March decisions were part of a general financial arrangement made between the United States Secretary of the Treasury and the Canadian Minister of Finance, and were recorded ina schedule to a letter which the Minister wrote the Secretary on March 24, 1944. Following is the relevant part of this schedule:

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[20]Non trouvé./Not located.

A. *Measures which will reduce Canada's holdings of United States dollar balances*

3. Payment for costs incurred by U.S. Army in connection with construction of permanent improvements to following airfields in Canada: (expressed in millions of U.S. dollars)

(a) Airfields on the Northwest Staging Route, landing strips along the Canol Pipe Line and other airfields, landing strips and permanent air route facilities constructed by U.S. in Northwest Canada ..... 33.3

(b) Airfields on the Crimson Route in Central Northeast Canada ..... 30.0

(c) Airfield at Mingan, Quebec ..... 4.2

4. Payment for costs incurred by U.S. Army for construction of that part of the telephone line from Edmonton to Fairbanks which is in Canadian territory ..... 9.3

(Note: These total 76.8 but this total was not shown in the schedule.)

B. *Measures which will reduce Canada's future receipts of United States dollars (Extract)*

2. Assumption by Canada of expenditure incurred on U.S. account for construction of permanent improvements to airfields in Canada and at Goose Bay, Labrador (including newly projected $6 million program and contracts not yet completed on Northwest Staging Route) ..... 42.1"

3. The purpose of the meeting on April 25 and 26 was to ascertain the exact cost figures involved and to list in detail the installations concerned.

*April 25 Session*

4. General Worsham[21] produced a document (annexed as Appendix I)[†] relating to the Northwest, i.e., the Staging Route, the Alaska Highway strips and the Mackenzie River strips. This document showed that the total expenditure of the United States on all of these was $41,847,063 of which $35,838,033 was for items of permanent value. The document gives a breakdown, for each base or strip on the Staging Route and the Alaska Highway, of the cost of items of permanent value.

5. The items of non-permanent value consisted of troop housing, mess facilities, officers quarters, and miscellaneous building which cost $6,009,030. These items are permanent in a legal sense because they are fastened to the ground, but they have no permanent (i.e., post-war) value. The United States Government did not consider that the Canadian Government's offer to pay for "construction of a permanent nature" applied to buildings of no post-war value.

6. In reply to questions, General Worsham said that Appendix I[†] included not only money already spent by the United States but also money to be spent under uncompleted contracts amounting to an estimated 7.4 million dollars. The Ilsley-Morgenthau agreement included this 7.4 million in the measures by Canada to reduce Canada's "future receipts of United States dollars;" it would have been better to include it with the items to be actually paid by Canada to

[21]Brigadier-General L. D. Worsham, commandant,/Commander, Army Service Forces, Northwest Service Command, United States Army.

the United States. In any case, it is clear that, when Canada has paid for the items of permanent value in Appendix I, she will have discharged her obligations so far as the uncompleted contracts are concerned.

7. There was also discussion of the reference in the Ilsley-Morgenthau agreement to the "newly projected $6 million program . . . on Northwest Staging Route" which Canada was to assume and pay for. It appeared that there were really two programs. The first, costing about 4.3 millions, is known as the "rehabilitation program" and Canada will pay for it in the first instance. The second, costing about 1.7 millions, is known as the "rounding out of Plan C"; this program involves buildings, mostly of non-permanent post-war value, to be built by the United States and to be paid for in the first instance by the United States. General Worsham explained that this 1.7 millions, like the uncompleted contracts, was included in Appendix I. It is clear, therefore, that Canada's obligations in respect of this 1.7 million program will be discharged when she has paid for the items of permanent value listed in Appendix I.

8. The detailed breakdown of the cost of installations of permanent value in Appendix I gave separate figures for such things as "contingencies", "capital investment", etc. Although these items are properly included as costs, the Canadian representatives felt that the Appendix would be clearer (especially when made public) if such items were not shown separately but instead were pro-rated among, and included in, the costs of concrete items such as "site grading", "hangars", etc. General Worsham offered to prepare a revision of Appendix I pursuant to this request. The revision was also to contain a brief breakdown of the costs of the Mackenzie River strips and a brief breakdown of the costs of items of non-permanent value, such breakdowns not having been put in Appendix I.

9. Colonel Mage produced a document (annexed as Appendix II)[1] relating to the Crimson Route in Northeast Canada and the airfield at Mingan. This document showed the costs of all installations without separating those of non-permanent value. Colonel Mage gave orally the figures for installations of permanent value.

10. On the Crimson Route, United States expenditure totalled $34,666,100, of which $27,460,330 was for items of permanent value. At Mingan, total expenditure was $4,285,200 of which $3,627,980 was for items of permanent value. The items of non-permanent value consist of troop housing and miscellaneous buildings. The United States did not expect or desire payment for such items, and intended to leave them at the end of the war for Canadian Government disposition.

11. Colonel Mage agreed to prepare a revision of Appendix II in order to have it conform to Appendix I.

*April 26 Session*

12. General Worsham produced a revision of Appendix I, which is annexed as Appendix III.[1] Appendix III consists of three schedules:

*Schedule "A"* shows the total costs in the Northwest, $41,847,963.

*Schedule "B"* summarizes and also breaks down in detail the cost of items of permanent value, $35,838,033.

*Schedule "C"* lists the items of non-permanent value, $6,009,030.

13. Colonel Mage produced a revision of Appendix II, which is annexed as Appendix IV.† Appendix IV consists of three schedules:

*Schedule "A"* shows the total cost to the United States of the Crimson Route as $34,666,100 and of Mingan as $4,285,200.

*Schedule "B"* summarizes and also breaks down in detail the cost of items of permanent value — $27,460,330 on the Crimson Route and $3,627,980 at Mingan.

*Schedule "C"* lists the items of non-permanent value — $7,205,770 on the Crimson Route and $657,220 at Mingan.

14. General Worsham produced a document (annexed as Appendix V)† showing the United States expenditure on the telephone line from Edmonton to the Alaska border as being $9,342,208, all of which was for items of permanent value.

15. The United States representatives mentioned the fact that the Ilsley-Morgenthau agreement provided for the assumption by Canada of expenditure on United States account at Goose Bay but omitted (probably accidentally) mention of $543,000 which the United States itself spent there for items of permanent value. The Canadian representatives said, subject to the approval by the Canadian Government, that Canada should repay this $543,000 to the United States in order to clear the site at Goose Bay in the same way as it is being cleared in Canada. Colonel Mage will accordingly revise Appendix IV in order to show this $543,000 expenditure.

16. To sum up, Canada will reimburse the United States for the following expenditures for items of permanent value:

| | United States Dollars |
|---|---|
| Northwest Staging Route (including uncompleted contracts and projected rounding out of Plan C) | $31,311,196 |
| Flight strips along the Alaska Highway | 3,262,687 |
| Flight strips along the Mackenzie River | 1,264,150 |
| Crimson Route in Northeast Canada | 27,460,330 |
| Airfield at Mingan, P.Q. | 3,627,980 |
| Airfield at Goose Bay | 543,000 |
| Telephone line from Edmonton to Alaska boundary | 9,342,208 |
| | $76,811,551 |

The Ilsley-Morgenthau agreement said that Canada should repay to the United States, for airfields in Canada and for the telephone line, 76.8 millions. It was noted with satisfaction that the grand total arrived at by the present meeting was the same as the total used in the Ilsley-Morgenthau agreement, although the breakdowns differed.

17. However, the other item shown in the Ilsley-Morgenthau agreement, namely, 42.1 million to be assumed (not repaid) by Canada will be reduced by

7.4 million for uncompleted contracts on the Northwest Staging Route and by 1.7 million for the rounding out of Plan C, for the reasons explained in paras. 6 and 7 of this report.

18. The meeting then turned to discussion of a draft note, prepared by the Canadian delegation, which might be sent by the Canadian Ambassador to the Secretary of State. A copy of the draft is annexed as Appendix VI.† The draft was acceptable in principle to the United States delegation except for paragraph 9 thereof which said:

"9. All the items mentioned in the three schedules 'A', 'B' and 'C' referred to above, whether or not of permanent value, will be relinquished to the Canadian Government within one year after the cessation of hostilities."

General Henry pointed out that most of the items are already in Canadian possession and title to the remaining items will be relinquished to Canada when the draft note is exchanged. However, to quote from the Journal of the April 12, 1944, meeting of the Permanent Joint Board on Defence:†

"In noting this decision of the two Governments, (i.e., the decision of the Canadian Government to assume the costs of the installations), the Board observed that it relates only to the financial aspect of the facilities in question and has no bearing on existing arrangements for the maintenance operation and defense of the facilities for the duration of the war. It is the Board's understanding that the existing arrangements will remain in effect for the duration of the emergency as previously agreed upon unless modified by mutual agreement between the two Governments."

Messrs. Hickerson and Wershof were requested to revise the draft in consultation with the interested departments of the respective governments.

19. The Canadian delegation said that it was hoped that the proposed notes (and the appendices thereto) could be made public after they have been exchanged; in Canada this would take the form of tabling in the House of Commons. General Henry and Mr. Hickerson saw no difficulty in obtaining War Department consent to making public the actual notes — provided that the code phrase "Crimson Route" is deleted. However, they said that it would be more difficult to obtain consent to publish the appendices or at least Appendix IV which gives the details of the Crimson Route. Apart from the secrecy of the name, most of the airfields in this route are still on the secret list. General Henry and Mr. Hickerson said they would ask the War Department to reconsider the secrecy classification of these airfields, with a view to publishing all the appendices.

*(Note: This report has been agreed to by both Governments.)*

**883.** DEA/5380-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 47 Ottawa, May 13, 1944

Excellency —

I have the honour to refer to your note No. 110 of March 13, 1944, concerning the acquisition by the Canadian Government of land required for United States defence projects in Canada.

2. The Canadian Government is gratified to learn that, subject to certain suggestions, the United States Government is willing to enter into an agreement to give effect to the proposals made in our note No. 106 of September 7, 1943.

3. With reference to your suggestion that, in order to expedite this matter, the Canadian Government might establish a land acquisition office at Edmonton, I wish to state that the Canadian Government has appointed a land acquisition officer to be attached to the office of Major-General W. W. Foster, Special Commissioner for Defence Projects in Northwest Canada. This officer will have authority to take any action necessary to arrange for the acquisition of the land.

4. With reference to the suggestion in paragraph 5 of your note concerning right of user, the Canadian Government agrees with your suggestion that paragraph 6 of our note No. 106 be amended by adding the phrase "and six months thereafter" after the phrase "duration of the war".

5. With reference to the suggestion in paragraph 6 of your note concerning restoration of the sites to their original state, the Canadian Government agrees that it would not be practicable to request the United States authorities to restore all sites to their original state. At the same time, the Canadian Government would like to reserve the right to request restoration of the sites in individual instances. It is therefore suggested that the final sentence of paragraph 6 be terminated with the word "land" and that a new sentence be added to this paragraph as follows —

"The United States Government will not be required to restore the sites to their original state except in individual instances on request by the Canadian Government."

6. With reference to the suggestion in paragraph 6 of your note concerning disposition of installations and structures in accordance with the principles laid down in the exchange of notes of January 27, 1943, the Government of Canada agrees that, following the word "shall" in the penultimate sentence of paragraph 6, there be inserted the phrase "in the absence of special arrangements covering individual projects." The Canadian Government also agrees

that the phrase "or the disposition" be inserted after the words "the development" in the penultimate sentence of paragrah 7 of our note No. 106.

7. With reference to paragraphs 8 and 9 of your note concerning land held by cost-plus contractors of the United States Government, it is our intention that the regime suggested in our note No. 106 should apply only to land held by or on behalf of the United States Government and that it should not be extended to apply to land held by independent contractors whether or not they operate on a cost-plus fixed-fee basis. It is the view of the Canadian Government that cost-plus contractors cannot be identified with the Government with which they have contracted. They are independent contractors not subject to the control of the Government excepting insofar as they are bound by contracts. If the regime were extended to cost-plus contractors, it would be logical to extend it also to ordinary contractors, for the cost of leasing land would certainly be taken into account in their contracts. If your Government wishes to discuss at further length the position of cost-plus contractors, it would be appreciated if this question might be considered as a separate matter so that the main proposals in this note and in our note No. 106 may be implemented immediately without waiting for agreement on the position of cost-plus contractors.

8. In order to expedite the transfer to the Canadian Government of property held by United States authorities, and in order to ensure that the improvements on the land do not revert to the landlords, it would be appreciated if in reply to this note the United States Government would give the Canadian Government an assurance that it will assign to the Government of Canada all leases of property held by or on behalf of the Government of the United States and acquired in Canada for defence projects.

9. I should also like to suggest that your Government designate an appropriate officer in Edmonton with authority to act on behalf of the United States Government in the arrangements for assignment to the Canadian Government of the individual leases, and to execute necessary conveyances.

10. The Canadian Government undertakes to reimburse to the United States Government the sum of all rentals which have been paid by the latter since Sept. 7, 1943, for leases of property which will be assigned to the Government of Canada under this agreement.

11. It is understood that this agreement will apply only to land, but not to acquisition by the United States authorities of office space or housing quarters comprising part of a building or an entire building without lease or other acquisition of the land on which the building is constructed.

Accept etc.

J. E. READ
for the Secretary of State
for External Affairs

**884.** DEA/3634-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3034 Washington, May 17, 1944

SECRET

1. Your despatch No. 685, May 11,[1] payment for airfields. Hickerson of the State Department says that the draft report of the meeting is satisfactory if the following changes are made:

(a) Page 2 — The following explanatory words should be inserted in the Ilsley schedule immediately after the word "Canada": on the 6th line of the page:

(Expressed in millions of U.S. dollars)

(b) Paragraph 5 on page 3. The 2nd and 3rd sentences should be reworded thus:

"These items are permanent in a legal sense because they are fastened to the ground, but they have no permanent (i.e., post-war) value."

The closing words of the 4th sentence should read:

"Applied to buildings of no post-war value." The 5th and final sentence should be deleted; it is accurate, but the U.S. delegation really had no authority to say it; the result will be the same even with the sentence deleted.

(c) Paragraph 7 on page 4. In the 9th line the phrase "mostly of non-permanent value" should read "mostly of non-permanent post-war value."

2. If these changes are satisfactory to you, and if you have no other changes to suggest, War Department will mimeograph the report. How many copies do you wish?

3. Hickerson sees no need to mimeograph the appendices to the report of the meeting. Both sides already have all the appendices and, anyway, the vital appendices will be attached to the proposed exchange of notes.

4. With reference to paragraph 4 of my despatch No. 1115 of May 3, Hickerson and Wershof have revised the draft note for the proposed exchange of notes. I am sending a despatch regarding this.[1] Ends.

**885.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] June 7, 1944

. . .

JOINT DEFENCE PROJECTS; PAYMENTS TO THE UNITED STATES FOR AIR INSTALLATIONS AND TELEPHONE LINES

5. THE SECRETARY, referring to discussions at the meeting of March 22nd, submitted a draft communication to the U.S. government to carry out the understanding reached by the Minister of Finance and the U.S. Secretary of the Treasury, in accordance with detailed arrangements made subsequently between Canadian and U.S. officials.

The amount which Canada undertook to assume was reduced from 42.1 million to 33 million dollars as a result of inaccurate figures produced by U.S. authorities at the time of the Ilsley-Morgenthau agreement. The total amount to be paid to the United States was 76.8 million dollars, in return for which Canada would obtain complete title to all works of permanent value at or connected with the Northwest Staging Route, the flight strips along the Alaska Highway and the Mackenzie River, the Crimson Route, the airfield at Mingan and the telephone line from Edmonton to the Alaska boundary. Canada would, in addition, acquire complete title to works of a non-permanent nature erected by the United States in connection with these air installations at a cost of 13.8 million dollars, and would have eliminated any interest or claim which the United States could put forward with regard to permanent construction at Goose Bay.

In respect of future construction, it was proposed that Canada pay for construction of a permanent nature and that decision as to "permanency" or otherwise (upon certain suggested criteria) rest with the Aerodrome Development Committee to which a representative of the Treasury should be attached, with right of reference to the War Committee.

An explanatory memorandum had been circulated.

(External Affairs memorandum, June 1, 1944, and attached draft note from Canadian Ambassador, Washington, to U.S. Secretary of State — C.W.C. document 797).[1]

6. THE WAR COMMITTEE, after discussion, approved the proposed communication to the U.S. government and agreed that future construction be dealt with in the manner recommended, on the understanding that no construction in Canada requested by the United States should be undertaken, whether for U.S. or Canadian account, without prior approval by the Canadian government.[22]

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[22] Il y eut un Échange de notes à Washington les 23 et 27 juin 1944. Canada, *Recueil des traités*, 1944, N° 19.
Notes were exchanged in Washington on June 23 and 27, 1944. Canada, *Treaty Series*, 1944, No. 19.

**886.** DEA/4847-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

DESPATCH 1031 Ottawa, July 14, 1944

Sir,

Consideration has been given by the Government to the problem of disposing of movable defence facilities built or provided in Canada by the Government of the United States. The matter is one of some urgency since considerable quantities of movables are awaiting disposition. It is also a difficult problem since inevitably whatever items are sold will command prices far below their original cost and criticism may arise in the United States on the ground that the United States Government is not receiving a fair return. It is obviously in the interests of both governments to avoid such criticism.

2. Under the plan recommended by the Permanent Joint Board on Defence and confirmed by an exchange of notes of January 27, 1943, the United States would have the option of removing the movables from Canada or of offering them for sale to the Canadian Government or to a Province, while if the Canadian Government did not wish to purchase them the facilities could be offered for sale on the open market with the approval of the Canadian Government. No great difficulty need be anticipated in the case of materials which the Canadian Government is anxious to purchase as it may be assumed that agreements about prices will not be too hard to reach. What presents a more difficult problem is the disposal of goods which the United States Government does not want to remove and which the Canadian Government does not want to buy. In order to keep the situation under control and to avoid the possibility of the market being flooded the Canadian Government intends to dispose of all its surplus war materials through one channel, namely, Crown Assets Allocation Committee and War Assets Corporation. Sales on the open market in Canada by the United States Government would obviously conflict with this policy and must therefore be eliminated as a possible method of disposal.

3. The solution favoured by Cabinet War Committee is for the Canadian Government to act somewhat in the capacity of a sales agent for the United States Government, turning over to the latter the net proceeds of all sales. I enclose copies of Cabinet War Committee Document No. 807[1] which contains the recommendations of the Joint Defence Construction Projects Panel of the disposition of both immovables and movables. Cabinet War Committee have approved these recommendations in principle.

4. We are somewhat reluctant to take the initiative in formally suggesting to the United States Government that the Canadian Government act as their agent since it might be construed by critics as an attempt to enable one branch of the Canadian Government to provide other branches with used United

States equipment at unreasonably low rates. We feel, however, that the scheme, based on an agreement between representatives of the two governments as to price, is equitable. Representatives of both governments in the field agree that the suggested procedure would simplify administration. You should therefore discuss the question with the State Department and see whether they would be disposed to ask us for an agreement along the lines approved by Cabinet War Committee. If so, an exchange of notes could take place.

5. A word of explanation is probably necessary regarding the rather complicated process by which the Canadian Government would acquire and dispose of movables. As a matter of policy it was first determined that use should be made of the Government's disposal machinery, namely Crown Assets Allocation Committee and War Assets Corporation. However, these bodies have no power to dispose of any item until it has been declared "surplus" by a Government agency. It was therefore recommended that the Department of Munitions and Supply should in some way acquire title to whatever movables the United States wish to dispose of and then declare these to be surplus to their requirements so that the Crown Assets Allocation Committee could deal with them.

6. I think that from the point of view of impressing public opinion in the United States our proposals should be presented in the following order:

(1) The pricing of the movables will be in accordance with principles agreed upon by representatives of both governments.

(2) The Canadian Government will endeavour to dispose of them in accordance with given priorities.

(3) The net proceeds of sale after deduction of sales expenses and after allowance being made for duties and taxes as assessed will be paid to the United States Government on a final accounting.

It is possible that the United States authorities may not be enthusiastic over the suggestion that the Department of Munitions and Supply acquire title at a nominal price of one dollar, but I hope that you can convince them that some such method is the simplest way in which United States movables can be made subject to our disposal machinery. Any other method would require an Order-in-Council or possibly new legislation, and we are not anxious to do this unless it is quite impossible to secure an agreement otherwise.

7. I shall await a report from you on the outcomes of your discussions with the State Department.

I have etc.

R. M. MACDONNELL
for the Secretary of State
for External Affairs.

**887.** DEA/4847-40

*Le chargé d'affaires aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-4247 Washington, July 18, 1944

CONFIDENTIAL. Your despatch No. 1031 of July 14th concerning the disposal of movable defence facilities built or provided in Canada by the United States.

1. Mr. Reid discussed this problem informally yesterday afternoon with Mr. Parsons and Mr. Peterson of the State Department. The State Department will have to refer the matter to both the War Department and Mr. Crowley[23], and the problem will have to be given careful study since it may create a precedent for the disposal of surplus property in other belligerent countries.

2. Since the State Department would find it useful to have a document which they could give to the other Government agencies, we are giving the State Department a memorandum informally. The memorandum begins with the first two paragraphs of your despatch No. 1031 omitting the last eleven words of paragraph 2. The rest of the memorandum reads as follows:

"3. The problem might be met by an agreement between the Canadian and United States Governments under which

(1) The pricing of the movables would be in accordance with principles agreed upon by representatives of both Governments. (The Canadian representatives would be appointed by the Department of Munitions and Supply and the War Assets Corporation.)

(2) The Canadian Government would endeavour to dispose of the movables in accordance with given priorities.

(3) The net proceeds of sale after deduction of sales expenses and after allowance being made for duties and taxes as assessed would be paid to the United States Government on a final accounting.

(4) The movables not sold within two years of the cessation of hostilities would be declared of no value and the account closed; likewise within two years of the cessation of hostilities the United States Government would surrender or remove from Canada the remaining movable assets.

(5) The Special Commissioner for defence projects in northwest Canada would be authorized to make local arrangements for the disposal of construction works and stores of a relatively minor character which in their present condition constitute a fire hazard.

(6) The United States would refrain from renting equipment to Canadian users in Canada, except upon request, or with the permission, of the Canadian Government.

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[23]Leo T. Crawley, administration économique outre-mer des États-Unis.
Leo T. Crawley, United States Foreign Economic Administration.

"4. If the United States Government were to make a proposal to the Canadian Government along these lines, the Canadian Government in its reply would state that, for adminstrative reasons, it proposes that the Department of Munitions and Supply of Canada would acquire from the United States Government the movables that the United States desires to leave in Canada at a nominal price of $1.00 against lists supplied by the United States authorities. The necessity for this procedure is that the Crown Assets Allocation Committee and the War Assets Corporation have no power to dispose of any item until it has been declared 'surplus' by the Government agency."

3. We have transmitted to the State Department orally the information given in paragraphs 3 and 4 of your despatch and the second half of paragraph 6.

4. The State Department has raised the question of the meaning of "duties and taxes as assessed" in the third subparagraph of paragraph 6 of your despatch. Does this mean that the duties and taxes will be assessed on the resale value, or on the original value? The State Department has drawn our attention to a confidential Circular A160 of March 16th, 1943,[1] which was presumably issued by the Customs authorities in Ottawa, and which states that no invoices of value are required for the entry of supplies for United States defence projects in Canada. The personal opinion of Mr. Parsons and Mr. Peterson is that it would be more equitable if the duties and taxes were assessed on the resale value.

5. We have accepted their suggestion that the final subparagraph of paragraph 3 of our note referring to rentals should contain after the word "request" the words "or with the permission".

6. Mr. Parsons has suggested that perhaps Mr. Hickerson might like to discuss the problem of this new agreement with the Under-Secretary during his stay in Ottawa. If there are any changes which you would like to have made in the memorandum which we are leaving with the State Department, we can give them a revised memorandum and take back from them the original memorandum.

**888.** DEA/4847-40

*Le chargé d'affaires aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-4267 Washington, July 18, 1944

CONFIDENTIAL. Our WA-4247 of July 18th concerning the disposal of movable defence facilities.

1. Mr. Peterson of the State Department is afraid that the suggestion that the Department of Munitions and Supply acquire title at the nominal price of $1.00 may constitute a snag. It is to be assumed that the contemplated exchange of notes would be made public. In an election year there is always danger that someone might seize on this provision and distort it.

2. In your despatch No. 1031 of July 14th you said that any other method would require an Order-in-Council or possibly new legislation. Would it be possible for you to give us a definite opinion on whether new legislation would be required? If new legislation would be required, then we might have to run the risk of a distortion of the provision on a $1.00 payment. If, however, only an Order-in-Council is required the risk might not be worth running.

3. I wonder whether Section 3, Sub-Section 1 of the Bill respecting surplus Crown assets, which refers to property in the "custody, or control, or administered by" a Government Department, would not make it possible for the United States Government to place the movables under the custody, control, or administration of the Department of Munitions and Supply, and for the Department of Munitions and Supply then to declare the movables to be surplus.

4. The State Department is putting off circulating to the War Department and Mr. Crowley's organization the memorandum which we have given them until we receive an answer from you to this enquiry. Perhaps at the same time you could let us have an answer to the question raised in paragraph 4 of our WA-4247 of July 18th. Any amendments which you might care to make to the memorandum we have given to the State Department could also be made before the memorandum is circulated.

**889.** DEA/4847-40

*Le chargé d'affaires aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-4340 Washington, July 21, 1944

CONFIDENTIAL. Your EX-3020 of July 20th[1] on the disposal of movable defence facilities built or provided in Canada by the United States. We gave Mr. Peterson of the State Department this morning the information given in your EX-3020. He is holding our memorandum until we learn of the result of your consultations with National Revenue and Munitions and Supply.

2. Mr. Peterson raised an additional point this morning which was whether it might be advisable and practicable to include in the memorandum some definition of movables. He also drew attention to the word "surrender" in subparagraph 4 of paragraph 3 of our memorandum, the text of which was sent to you under cover of our despatch No. 1768 of July 18th.[1] He thinks some such word as "abandon" might be more palatable. Failing that, he thinks it might be made clear to whom the movables would be surrendered. In the interests of clarity he thought it might be useful to substitute the word "movables" for "facilities", "materials" and "goods" — in lines 7, 10 and 14 respectively of paragraph 2 of the memorandum and to insert "movable" before "construction works" in subparagraph 5 of paragraph 3 of our memorandum.

3. We were in error in paragraph 1 of our WA-4247 of July 18th in stating that the question of this proposed agreement would be referred to Mr. Crowley, as well as to the War Department; it will be sent to the Acting Secretary of War and to Mr. Clayton, who is the Administrator of Surplus War Property.

**890.** DEA/4847-40

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires aux États-Unis*

*Secretary of State for External Affairs to Chargé d'Affaires in United States*

TELETYPE EX-3100 Ottawa, July 26, 1944

IMMEDIATE. CONFIDENTIAL. Your WA-4247 and WA-4267 of July 18, disposal of movable defence facilities built or provided in Canada by the United States.

1. With regard to the question raised in paragraph 4 of your WA-4247, National Revenue agree that duties and taxes should not be assessed on the original value of the goods, but instead "on the value of the goods as appraised by officers of Customs and Excise in the condition at the time and place of disposal." They further give assurance that "our officers will use care in their appraisal and that the customs duties and taxes will not be levied on greater than a fair market value, having regard to the condition, location, and probable use of the goods."

2. With reference to paragraphs two and three of your WA-4267, it is thought that moveables could be declared surplus without the transfer of ownership taking place. The Surplus Crown Assets Act provides (Section 23) that the Governor in Council may make such orders as he may deem necessary or desirable "to confer on the committee or corporation additional powers and duties." The Governor in Council could therefore direct that the committee or the corporation, or both, should undertake the duty of disposing of property which is owned by the United States Government and which, by arrangement between the two Governments, is left in the hands of the Canadian Government for disposal.

3. Should the proposal of $1.00 sale to Munitions and Supply be found inacceptable to the United States, the alternative described in paragraph two above could be proposed, since no new legislation would be needed to carry it out.

4. Subparagraph 3 (3) of your memorandum to State Department should be amended so as to embody the substance of paragraph one above. Similarly, in the event of the $1.00 sale approach being set aside, the contents of paragraph two above should be embodied in paragraph four of your memorandum. Ends.

**891.** DEA/4847-40

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires aux États-Unis*

*Secretary of State for External Affairs*
*to Chargé d'Affaires in United States*

TELETYPE EX-3106 Ottawa, July 27, 1944

IMMEDIATE. CONFIDENTIAL. Your WA-4340 of July 21. Your memorandum re disposal of movable defence facilities built or provided in Canada by the United States.

1. There is no objection to the changes proposed in the last eleven lines of paragraph 2 of your teletype.

2. Since the situation of movables is an urgent one it is thought that no definition of movables should be attempted at least at this stage. To try to define this term now would most probably lead us into endless discussions which would cause considerable delays in disposing of this matter. It can be taken for granted that in the great majority of cases the movable character of the goods will appear clearly so that the inconvenience consequent upon a lack of definition of movables will occur in a relatively few cases. It is thought that this inconvenience which may be dealt with later will be highly compensated by the advantages resulting from the disposing of the bulk of this matter expeditiously.

**892.** DEA/4847-40

*Le chargé d'affaires aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5150 Washington, September 2, 1944

FOR IMMEDIATE ACTION

IMMEDIATE. Following for Keenleyside from Hickerson, Begins: I am quoting later on in this message a draft recommendation of post-war disposition. We have added to this draft certain new provisions respecting movables. You will recall that on July 27th your Embassy here sent us a proposal regarding the disposition of movables left in Canada by the United States. The arrangement proposed in that note[1] has been carefully considered by the War Department and the Surplus War Property Administration. Both of these agencies find themselves unable to agree to it. As I told you at the last meeting of the Board, I do not like the proposal on public relations grounds.

General Henry and I believe that it would be possible to deal with this whole subject in the proposed recommendation of the Board. Please regard this draft as our rough working draft and not as a definite proposal. We may well have suggested changes ourselves in its language to present at the meeting.

The draft is as follows:

The Board resumed consideration of the post-war disposition of defence projects built by the United States in Canada and adopted the following as its 33rd recommendation:

The Board reviewed the 28th recommendation, adopted January 13, 1943, and referred especially to that portion of the recommendation favouring the conclusion, whenever possible, of specific Agreements covering the post-war disposition of defence projects built by the United States in Canada.

The Board believes that, in the light of experience in connection with these specific Agreements thus far made, it would be desirable to amend the 28th recommendation in certain respects and to make it applicable, as amended hereby, to all projects, disposition of which remains unsettled. To that end Board:

1. Reaffirms the following principles of the 28th recommendation:

(a) That portion of paragraph (a) which sets forth the principle that the United States shall relinquish title within one year after the cessation of hostilities of all immovable defence installations built or provided in Canada by the Government of the United States, unless otherwise agreed by the two Governments, (the application of this principle to be subject, however, to the operation of the amended formula set forth in 2 below).

(b) That portion of paragraph (b) which provides that all movable facilities built or provided in Canada by the Government of the United States shall, within one year after the cessation of hostilities and at the option of the United States Government, be removed from Canada, unless otherwise agreed by the two Governments.

2. Recommends the adoption of the following formula as a fair and equitable method for settling the disposition of all defence projects constructed by the United States in Canada, disposition of which has not been heretofore specifically provided for:

In the case of each of the defence projects and/or equipment and supplies pertaining to the United States in Canada to which this formula shall apply, the Canadian Government and the United States Government will severally appoint one qualified appraiser whose joint duty it will be to appraise such properties, improvements, installations and facilities (including movable facilities and/or equipment and supplies pertaining to the United States in Canada where the United States has waived its option to remove them from Canada), which may comprise the project, in order to determine the fair market value thereof for which the Canadian Government will reimburse the United States Government in the light of the use or uses to which the project and/or equipment and supplies is best adaptable. If the two appraisers cannot agree on the fair market value they will select a third appraiser to determine this value. The supplies which the United States Government elects to leave in Canada in accordance with the above formula and which, because of danger of deterioration in storage or for other reasons Canada desires to handle without delay, may be turned over to the appropriate Canadian authorities on the basis

determined by the report of the appraisers subject to any adjustment later agreed on between the two Governments. The appraisers' reports will be submitted to the Board for consideration in connection with a recommendation to the two Governments. Ends.

**893.** DEA/4847-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-3918 Ottawa, September 21, 1944

Your WA-5455 of September 19th,[1] disposal of United States defence installations in Canada.

It is unnecessary for you to continue your discussion with the State Department on movables and immovables in view of the action taken by the P.J.B.D. in adopting the Thirty-Third Recommendation.

On the acquisition of lands we hope to be able to send you instructions shortly.

With regard to the hospital at The Pas, you need take no further action since we understand that abandonment of the air field means abandonment of the hospital as well.

**894.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] September 27, 1944

. . .

CANADA-U.S. PERMANENT JOINT BOARD ON DEFENCE;
MEETING, SEPTEMBER 6, 1944;
THIRTY-THIRD RECOMMENDATION

16. THE SECRETARY reported that the Journal of the Board's Discussions and Decisions, covering the meeting held in Montreal on September 6th and 7th, had been submitted to the Prime Minister. In accordance with the usual practice, copies of the Journal had been sent to the Ministers of National Defence and the Minister of Munitions and Supply.

The Journal of this meeting contained the Thirty-third Recommendation of the Board. This Recommendation, which was intended to provide for the disposition of all U.S. defence projects not covered by specific agreements, read as follows:

*Immovables*

(a) The government of the United States shall, within three months from the date of the approval of this Recommendation, supply the government of Canada with a list of immovables (hereinafter referred to as facilities) which it desires to make subject to the provisions of this Recommendation.

(b) In the case of each of the facilities included in the list referred to in (a), the Canadian government and the United States government will each appoint one qualified appraiser whose joint duty it will be to appraise such facility in order to determine the fair market value thereof at the time and place of appraisal. If the two appraisers cannot agree on the fair market value, they will select a third appraiser to determine this value. The amount set by the appraisers shall be paid to the United States government by the government of Canada,

*provided that* the foregoing paragraphs (a) and (b) shall not apply to any facilities heretofore specifically provided for;

(c) Any existing facility not included in the United States list shall, within one year after the cessation of hostilities, be relinquished, without cost, to the Crown either in the right of Canada or in the right of the Province in which the same or any part thereof lies, as may be appropriate under Canadian law.

*Movables*

(a) The government of the United States shall remove from Canada all those items which it desires.

(b) The Government of Canada shall arrange through the appropriate governmental agencies for the purchase from the United States of such remaining items as it desires to obtain for its own use or disposition.

(c) All other movables shall be transferred to a designated agency of the Canadian government and shall be sold or disposed of by such agency, the proceeds to be paid to the government of the United States,

*provided that* in connection with the items referred to in paragraph (c), the United States government shall be represented by an officer designated by it for that purpose who shall have an equal voice in the setting of prices, the allocation of priorities, the assessment of legitimate sales costs and other details of the sale or other disposal of the items concerned;

*and provided further that* any such items remaining unsold at the end of two years from the time they are transferred to the Canadian agency concerned shall either be declared of no value and the account closed or, at the option of the United States, shall be removed from Canada by the United States authorities.

(P.J.B.D. Journal, Sept. 6 and 7, 1944).[1]

17. MR. HEENEY drew attention to the reference made in the Journal to proposed abandonment of Camp 550, the Dawson Creek Railhead Depot, airfields on the Northeast Staging route and certain weather stations and communications systems.

18. THE WAR COMMITTEE, after discussion, agreed:

(a) that the Thirty-third Recommendation of the Board be approved, on the understanding that, as there were certain facilities whose disposal would entail expenses such as custody and demolition, any expense of such a character would be taken into consideration in the final accounting;

(b) that the U.S. government's proposals to transfer to Canadian control Camp 550 and the Dawson Creek Railhead Depot be referred to the Joint Defence Construction Projects Panel for examination and report;

(c) that the U.S. government's proposal to abandon airfields on the Northeast Staging Route be referred to the Chiefs of Staff Committee for report on defence aspects, to the Air Transport Policy Committee for report on civil aspects, and to the Joint Defence Construction Projects Panel for report as to the facilities involved; and,

(d) that the U.S. government's proposal to transfer to Canadian control weather stations and Army communications systems be referred to the Interdepartmental Meteorological Committee, for study and report.

. . .

**895.** DEA/5380-40

*Mémorandum de l'adjoint en temps de guerre, le Ministère des Affaires extérieures*

*Memorandum by Wartime Assistant, Department of External Affairs*

[Ottawa,] October 18, 1944

ACQUISITION OF LANDS FOR UNITED STATES DEFENCE PROJECTS IN CANADA:
SUMMARY OF DEVELOPMENTS UP TO OCTOBER 18TH, 1944.

1. In order to avoid that the United States acquire title to a great number of land properties within this country as a result of its numerous wartime activities in Canada, the Cabinet War Committee agreed on June 18th, 1943, that the Canadian Government should acquire title to lands required by the United States for the purpose of carrying out their defence projects. As a corollary to that decision the War Committee further agreed on July 7th, 1943, that all leases to property already acquired by the United States be taken over by the Canadian Government.[24]

2. On September 7th, 1943, a note was sent to the United States' Minister embodying the decisions referred to above. The note contained the following main points:

(a) In the future, the Canadian Government would acquire lands required by the United States to carry out their projects. Such lands would be made available without charge.

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[24]Voir le volume 9, documents 1055, 1059./See Volume 9, Documents 1055, 1059.

(b) In every case where a land was needed for a major defence project notification to that effect should be sent to the Department of External Affairs. In the case of a minor defence project, application should be made to the Canadian Special Commissioner in Edmonton.

(c) All leases (or other titles) already acquired by the United States should be transferred to the Canadian Government.

(d) The procedure of acquisition of lands by the Canadian Government would not apply to United States contractors. Also the Canadian Government would not take over leases acquired by such contractors since it was assumed that they did not acquire lands on behalf of the United States. It was also assumed that the United States did not take over leases to property originally acquired by these contractors for their own use.

(e) The right of user on properties made available by the Canadian Government would be deemed to continue for the duration of the war.

(f) Installations erected on properties made available would be disposed of in accordance with the principles laid down in the exchange of notes of January 27th, 1943, concerning the post-war disposition of United States projects.

(g) At the termination of the war the United States would endeavour to restore the sites involved to their original state.

3. On March 13, 1944, the U.S. replied to our Note of September 7, 1943. They agreed to our proposal to take over the properties subject to the following suggestions—

(1) that the Canadian Government establish a Land Acquisition Office at Edmonton to expedite acquisitions and to provide a direct contact for the owners (many of whom have been unpaid during the period of transfer);

(2) that the right of user should continue in the U.S. not only for the duration of the war but for six months thereafter (in accordance with our other wartime arrangements);

(3) that the principles laid down in the January 27th, 1943, agreement constituted only a model formula which was to be used in the absence of *ad hoc* arrangements, that the United States prefered to enter into such agreements on this subject and that, consequently, the formula of January 27th should only apply to installations erected on lands made available "in the absence of *ad hoc* agreements;"

(4) that the United States should not be obliged to restore sites to their original state since as a result of extensive improvements made on properties involved the Canadian Government would hardly wish such restoration;

(5) that leases (or other titles) acquired by cost-plus-fee contractors should be taken over by the Canadian Government since these contractors were being considered as agents of the United States.

The United States also gave an assurance that all lands acquired by the United States had been so by lease and that no attempt had been made to acquire a vested interest within the country.

4. On May 13th, 1944, a second note was sent to the United States Ambassador. In this note:

(1) The Canadian Government agreed with the suggestions contained in sub-paragraphs (1), (2) and (3) of paragraph 3 above.

(2) It was also conceded that the United States should not as a rule be obliged to restore the sites to their original state "except in individual instances on request by the Canadian Government."

(3) The Canadian Government, however, refused to identify United States cost-plus-fee contractors with their Government and consequently to apply the proposed policy to lands needed or already acquired by these contractors.

(4) It was suggested that the United States designate an Officer in Edmonton to act on their behalf concerning the acquisition of lands and transfer of leases.

(5) The Canadian Government undertook to reimburse all monies spent by the United States since September 7th, 1943, on leases transferred under the agreement.

5. No reply to our note of May 13th was received. On June 29th, the question of the leases acquired by cost-plus-fee contractors was discussed at a meeting between Privy Council and External Affairs. The conclusion was reached that this problem could be considered as being unsettled as late as May 13th, i.e. the date when we reaffirmed our position on this question, that in these circumstances it might be difficult to regard transfer of contractors' leases to the United States which had taken place before May 13th as being in contravention of the policy outlined in our first note of September, 1943, and that consequently we might be justified in taking over leases transferred up to May 13th, 1944, instead of September 7th, 1943. (EX-2716, June 29)†

6. Discussions took place at Washington between June 29th and[25] July 4th between the State Department and Squadron Leader Cooper and Mr. Reid. The following points were raised by the United States during these discussions:

(1) the proposed agreement should apply to the whole of Canada and not merely to the Northwest. (WA-3967, July 1st, 1944,† paragraph 2);

(2) on the other hand, it was intimated that the War Department may request that the agreement should not apply to facilities at Prince Rupert and Port Edward. (WA-3967, paragraph 4);

(3) the right of user of the United States on lands made available should include the right for service organisations such as U.S.O.[26] and contractors to use the facilities. (WA-3967, paragraph 6);

(4) with regard to the question of cost-plus-fee contractors (see 2 (d), 3 (5), 4 (3) above), the United States while agreeing with the policy outlined in paragraph 5 above stated that it was impracticable to retransfer to the

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[25]Responsable de l'acquisition de terrains, Bureau du commissaire spécial pour les projets de défense dans le Nord-Ouest du Canada.
Land Acquisition Officer, Office of the Special Commissioner for Defence Projects in Northwest Canada.

[26]United Service Organizations.

contractors leases which had been transferred to them since May 13th, 1944, on account of some contractors having left Canada. They suggested that in the case of transfers having taken place since that date the United States Government should apply in the ordinary manner to the Canadian Government for the purpose of acquiring the land involved; (WA-3994,† paragraph 4);

(5) with regard to the question of the post-war disposition of installations, it was disclosed that the United States intended to have the recommendation of the Permanent Joint Board embodied in the exchange of notes of January 27th, 1943 replaced by a new one and that consequently any clause in the proposed agreement relating to the question should be deleted. This applied particularly to the question of the restoration of sites (see 2 (g), 3 (4), 4 (2) above), which was considered as being ancillary to the question of post-war disposition of installations; (WA-3994, July 4th, paragraph 2).

A favorable reply was given with regard to the point raised in (1) (EX-2744, July 3rd)† while a negative answer was given with regard to (2) and (3) (EX-2744). The points raised in (4) and (5) are being considered hereinafter.

7. On July 6th, 1944, a new draft† was sent informally to the United States Ambassador. This draft:

(1) embodied the substance of our original note of September 7th, 1943:

(2) together with the points conceded to the United States in our note of May 13th, 1944;

(3) it specially agreed with the United States suggestion whereby in the case of leases transferred since May 13th, the land involved would be made available to the United States by the Canadian Government in the ordinary manner. (See paragraph 6(4) above);

(4) it eliminated all references to the exchange of notes of January 27th, 1943 including the question of the restoration of sites. (See paragraph 6 (5) above.)

8. No reply was received to our draft of July 6th. On July 22nd, however, we were informed by Washington that the War Department still objected to our proposal on account of the fact that it had something to do with the agreement of January 27th, 1943, concerning the post-war disposition of defence projects.

9. The whole matter became a dead issue until October 4th, 1944, at which date we were informed that the United States War Department was about to start the assignment of leases to the Canadian Government in the Northwest area and that it was wondered whether the Canadian Government would consider amending its draft of July 6th since the United States was declaring itself ready to act with regard to one of the two main aspects of the question of acquisition of lands, i.e. the transfer of United States leases to the Canadian Government.

10. From the above considerations it can be safely concluded that:

(1) the Canadian and United States Governments have come to an agreement on all the points raised during the negotiations which have taken place in the course of the last year except with regard to the post-war disposition of the installations and the restoration of sites;

(2) that the Canadian Government has agreed with all the suggestions made by the United States except with regard to (a) the right of user of installations by the United States service organisations such as U.S.O., (b) the question whether the proposed agreeement should apply to the area of Prince Rupert and Port Edward.

With regard to (1) above it may be said that the adoption by the two countries of the 33rd Recommendation of the Permanent Joint Board should eliminate any objection on the part of the United States.

With regard to (b) it would appear in the light of the last information received that the United States are ready to accept our contention that the agreement should apply to at least the whole Northwest.

**896.** DEA/5380-40

*Procès-verbal d'une réunion*

*Minutes of Meeting*

[Ottawa,] October 20, 1944

ACQUISITION OF LANDS FOR UNITED STATES DEFENCE PROJECTS IN CANADA

*Record of meeting held on Friday October 20, 1944, at 10 a.m. in the conference room of the New Post Office.*

1. The following members of the United States Northwest Service Command and War Department and of Canadian government departments concerned attended the meeting:

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|---|---|
| Brigadier General F. S. Strong, Jr. | United States Army |
| Major Robert H. Fabian | United States Army |
| Captain Schmeltzer | United States Army |
| T. L. Cory | Mines & Resources |
| Georges W. Payton | |
| F. Thomas | Transport |
| Jacques Fortier | |
| Wing Commander G. F. Stewart | Privy Council Office |
| A. G. Cooper | |
| J. E. Read | External Affairs |
| Dr. H. L. Keenleyside | |
| R. Chaput | |

2. The meeting was held for the purpose of discussing the question of the transfer to the Canadian Government of leases held by the United States in connection with the carrying out of their defence projects and more especially the form of lease assignment under which the transfer would take place.

3. Major Fabian submitted that it was necessary to adopt an assignment form which would not give rise and [*to*] legal disputes between lessors, the assignor and assignee once the transfer had taken place, and in this connection he

thought it wise to mention in the form the questions appearing on page 2 of the United States draft.'

4. Mr. Read recalled that' Canada had already submitted a comprehensive draft note' on July 6 but that since then a machinery for the transfer of leases had been set up by United States and Canadian officials in the Northwest and that the question now arose whether or not the two parties could continue to use that machinery without a formal agreement on the subject being signed (or the features of this agreement inserted in the assignment form).

5. Major Fabian thought that from the legal point of view some sort of agreement would have to be signed between the two countries.

With regard to the question whether the points raised in page 2 of the United States draft should be included in the assignment form, Major Fabian thought that the transfer of leases could hardly take place without the question of the disposition of improvements being dealt with and that consequently item 3 relating to the 33rd Recommendation of the P.J.B.D. should appear in the form.

6. Assuming that some sort of agreement would have to be signed, Mr. Read stated the Canadian position on the subject as being that the question of the post-war disposition of improvements together with the other points raised in page 2 of the United States assignment form should be eliminated and instead incorporated in a separate agreement between the two countries.

7. With regard to item 3 of the U.S. form dealing with the 33rd Recommendation, Major Fabian stated that the recommendation would most probably be adopted by the United States with the Canadian proviso whereupon Dr. Keenleyside suggested that in these circumstances item 3 could easily be deleted from the form since it would be dealt with in a formal agreement concerning the 33rd Recommendation.

8. The United States representatives agreed to the suggestion and the discussion then turned to the other points raised in page 2 of the United States form. It was found that no fundamental disagreement existed between the two parties on these points.

9. This being so the United States representatives finally agreed to the suggestion that the points raised in page 2 of their draft should not appear in the assignment form and be dealt with separately and announced that they had no objection to the Canadian draft assignment form being used for the transfer.

10. A drafting committee composed of Major Fabian, Mr. Read and Squadron Leader Cooper was formed for the purpose of drafting a memorandum embodying the points concurred in by the two parties during the discussion. This committee was to proceed to its work immediately and the meeting was adjourned at 11 A.M. until 12.30 P.M. at which time the memorandum drafted by the Committee was considered and approved. The memorandum was to be sent to the State Department for consideration with a

view to forming the basis of an agreement dealing with acquisition of lands and transfer of leases.[27]

**897.** DEA/4847-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

DESPATCH 2845 Washington, December 21, 1944

Sir,

With reference to your EX-4652 of November 18th† concerning the disposition of defence projects built or provided in Canada by the United States, I have the honour to enclose herewith copy of the Secretary of State's note of December 20th approving the 33rd Recommendation of the Permanent Joint Board on Defence and the Canadian Government's proviso to the Recommendation.[28]

I am enclosing also copy of a letter from Mr. John Hickerson† which accompanied the note and in which he raises the question of duty to be assessed on movables sold in pursuance to the 33rd Recommendation. It is the view of the United States Government that no duty should be levied on these movables.

I shall appreciate receiving your views on this matter.

I have etc.

M. M. MAHONEY
for the Ambassador

**898.** DEA/4847-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE Ex-448 Ottawa, February 8, 1945

Disposition of United States defence facilities in Canada.

Please inform Hickerson, who wrote to you on December 20, that the Canadian Government after further consideration has agreed to exempt both immovables and movables from the imposition of customs duties. The only

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[27]Incorporé dans un Échange de notes fait à Ottawa les 28 décembre et 30 décembre 1944. Canada, *Recueil des traités*, 1944, N° 34.
Embodied in an exchange of notes at Ottawa of December 28 and December 30, 1944. Canada, *Treaty Series*, 1944, No. 34.

[28]Canada, *Recueil des traités*, 1944, N° 35.
Canada, *Treaty Series*, 1944, No. 35.

exception to this is that customs duties may be imposed on direct intergovernment sales under B of the section on movables of the 33rd Recommendation of the Permanent Joint Board on Defence. This, however, will not affect the amounts to be received by the United States Government. The price will be negotiated between agencies of the two Governments and if subsequently the Canadian agency which purchases the equipment is called upon to pay customs duty this is simply a matter of internal bookkeeping between Canadian Government Departments. The main point of the United States representations as we understood them was that it would be desirable to exempt all immovables and those movables which are sold through War Assets Corporation. This will be accomplished as the result of the Government's decision.

**899.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] October 17, 1945

. . .

*Canada-U.S. defence projects; Northwest Staging Route; U.S. facilities on airfields*

12. THE SECRETARY reported that the U.S. government had requested that the Canadian government make provision for taking over U.S. facilities on the airfields on the Northwest Staging Route, including buildings, equipment and other miscellaneous facilities.

The special committee of the Cabinet on defence questions had considered the question and recommended that the R.C.A.F. be directed to take over these facilities, on an interim measure, pending decision on the eventual control of the Northwest Staging Route.

An explanatory note had been circulated.

(Secretary's memorandum, Oct. 16, 1945 — Cabinet Document 91).[1]

13. THE CABINET, after discussion, agreed that, pending clarification of the eventual strategic importance of defence facilities in the Northwest and until decision could be taken as to eventual control of the Northwest Staging Route, the Department of National Defence for Air be directed to assume responsibility for U.S. facilities on airfields of the Route under appropriate conditions to be stipulated with U.S. authorities with respect to the condition of items transferred to Canadian control and retention of equipment required for the Route's operation.

## SECTION C

### ENTREPRISE CANOL
### CANOL PROJECT

**900.** DEA/462-N-7-40

*Procès-verbal des discussions intergouvernementales*
*Minutes of Intergovernmental Discussions*

SECRET [Ottawa,] January 31, 1944

MINUTES OF A MEETING HELD IN OTTAWA, JANUARY 31, 1944
TO DISCUSS THE CANOL DEVELOPMENT

1. The intergovernmental discussion on the Canol development, initiated on December 2nd, 1943,[29] were resumed in the Conference Room of the Department of External Affairs at 11:30 a.m., Monday, January 31st, 1944, the following participating:

*United States*

Hon. Ray Atherton, United States Ambassador to Canada
Mr. Lewis Clark, First Secretary, United States Embassy
Colonel F. J. Graling, Military Attaché, United States Embassy
Mr. J. D. Hickerson, State Department
Major General T. M. Robins, Assistant Chief of Engineers, United States Army
Brigadier General H. L. Peckham, Office Quartermaster General, United States Army
Brigadier General W. Pyron, Oil Consultant, United States Army

*Canada*

Mr. N. A. Robertson, Under-Secretary of State for External Affairs
Mr. J. E. Read, Legal Advisor, Department of External Affairs
Mr. E. Reid, Department of External Affairs
Mr. R. M. Macdonnell, Department of External Affairs
Miss B. M. Bridge, Department of External Affairs
Mr. A. D. P. Heeney, Secretary, Cabinet War Committee
Wing Commander P. A. Cumyn, Secretary, Interdepartmental Panel on Joint Defence Projects
Dr. W. C. Clark, Deputy Minister of Finance
Commander C. P. Edwards, Deputy Minister of Transport
Mr. C. W. Jackson, Executive Assistant to the Deputy Minister of Mines and Resources
Mr. R. A. Gibson, Deputy Commissioner, Northwest Territories Council
Colonel J. H. Jenkins, Director of Military Operations and Plans, Department of National Defence
Group Captain W. F. Hanna, Director of Plans, Department of National Defence for Air

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[29]Voir le volume 9, document 1017./See Volume 9, Document 1017.

2. MR. HICKERSON said that since the December meeting, General Robins and his associates in the War Department had discussed with Imperial Oil revisions of the present contract. The War Department's latest proposals were embodied in the letter of intent,† the text which had already been communicated to the Canadian Government. He asked General Robins to report on the discussions with Imperial and to outline briefly the arrangement envisaged in the letter of intent.

3. GENERAL ROBINS stated that the first proposal made to Mr. LeSueur, Vice President of Imperial Oil, was that the United States would pay the company at the present rate of $1.25 per barrel for the first 1,500,000 barrels of oil purchased. Any subsequent purchases would be at the cost of production, a reserve of 30,000,000 barrels being maintained in the Norman field for United States use. The United States would continue exploratory work in the area where rigs were already set up, on condition that half of any oil which might be discovered would be set aside as a military reserve available to the United States. The Company, however, wished to take over the exploratory work themselves and carry on with a view to commercial development if enough oil could be discovered to warrant it. They were of the opinion that commercial development was possible if a 300-400,000,000 barrel field could be proven, in which case a 10-12″ pipeline would be built to carry the crude to the seaboard for transportation to existing refineries on the Pacific Coast. In view of the Company's attitude, the War Department had modified its original proposals and suggested the arrangement outlined in the letter of intent, which was briefly:

(1) that for the duration of the war the Company would agree to deliver at least 4,000 bbls. per day at the cost of production plus a fee of 15 cents (Canadian currency) per bbl.;

(2) that immediately upon the termination of the war the Company would give the United States a continuing preferential right to purchase, for military purposes, at the above rate, 60,000,000 barrels, to be maintained by the Company as a reserve;

(3) that if the reserve was not needed for military purposes the company would have the privilege of using it for their commercial development upon payment to the United States of 50 cents per bbl. (This clause was included at the request of the Company to cover the contingency that a field of, say, only 250,000,000 barrels was discovered, in which case they would wish to be able to draw upon the reserve in order to make commercial development possible. General Robins said that, insofar as the United States Government was concerned, it would be delighted to see the oil left in the ground as a reserve against a possible future military emergency.);

(4) that the United States would turn over to the Company, free of charge, the equipment which they now have on the ground or en route to the Norman Wells field for use in exploratory work.

General Robins stated that in a letter dated January 26, 1944, the Imperial Oil Company had indicated that the letter of intent was not acceptable and that

there was no use in continuing conversations until the Canadian Department of Mines and Resources had given its decision on the Company's appeal for a fundamental change in the regulations under which it is operating on its new leases in the Norman area.

In reply to a question by MR. ROBERTSON on the apparent conflict between paragraphs 5 and 7 of the letter of intent, General Robins explained that the modified contract (giving the United States the right to purchase oil at the cost of production plus 15 cents per barrel) would terminate at the end of the war, but immediately upon its termination, the Company, under paragraph 5, would sign a new contract giving the United States a preferential right to purchase up to 60,000,000 barrels at the price mentioned above.

MR. HICKERSON confirmed General Robins' statement that Imperial was very keen on taking over the exploratory work and was willing to gamble on the possibility of discovering oil in commercial quantities, if some arrangement could be worked out with the United States and with the Canadian Government. He added that the United States have stopped drilling until a new contract has been drawn up. This apparently was impossible until the Company had clarified its relations with the Department of Mines and Resources. He inquired, therefore, whether anything could yet be said about the Canadian Government's attitude.

4. MR. ROBERTSON said that the Canadian representatives have been thinking about the strategic reserve idea but that it would be necessary, in view of Canada's general responsibilities in the Northwest, to give further consideration to the questions of policy involved. If there was oil in ample quantity, it was reasonable to think that the requirements of continental defence should be the first charge. Canada was mindful of the important and essential way in which she has received oil from the United States throughout the war and of the manner in which the United States have shared their coal production. There was no disposition here to take a dog-in-the-manger attitude in respect of anything in this country which might be of value to continental defence, but we would prefer to see the Canadian Government, rather than a private company, taking the responsibility for making a resource available for continental defence. In pursuing this line of thought, he and his colleagues had been wondering if it would be possible to substitute, for the type of agreement between the United States and the Company which had been proposed by the United States, some understanding between the two governments in regard to assuring the maintenance of essential reserves. He added that Canadian views had not yet crystallized or taken definite shape. The problem had to be approached from the standpoint of defence and military strategy, and he felt that the United States could not usefully consider it in terms of financial salvage. An intergovernmental understanding would imply the assumption by the Canadian Government of a more active responsibility for the location and development of the field and for the maintenance of reserves than had been the case heretofore.

MR. HICKERSON said that the working out of an arrangement with Imperial Oil along the lines suggested would, of course, involve an intergovernmental exchange of notes. This exchange of notes would replace the original intergovernmental agreement.[30] The Canadian Government would be asked to agree, for instance, to interpose no obstacles to the exploitation of the area. The exchange of notes would also include an expression of the Canadian Government's approval of the new agreement between the United States and Imperial Oil. He wondered how a regime of active government participation such as Mr. Robertson suggested would work out in practice. In the United States the oil industry was a private development. There was no doubt that Imperial would try to induce the Canadian Government to leave the Northwestern development in private hands.

5. DR. CLARK asked how the figure of 60,000,000 barrels had been arrived at. In reply GENERAL ROBINS said that the United States will have invested some $15,000,000 in extending the Norman Wells field and on the exploratory drilling. They felt, therefore, that they should have a preferential right to at least half the oil in the Norman field. GENERAL PECKHAM added that, on the basis of the present extent of the proven field, this would amount to approximately 30,000,000 barrels. The other 30,000,000 represented liquidation of the United States interest in wildcatting. They would take an assured 30,000,000 barrels rather than gamble on further possible discoveries. He added that the 60,000,000 barrels represented $30,000,000, certainly not an unreasonably high return on an expenditure of $134,000,000. (Later in the discussion MR. HICKERSON said that the $60,000,000 figure was largely arbitrary, accidental, and bore no relation to United States expenditure on the Canol development.) In reply to a further question by Dr. Clark, GENERAL ROBINS said that the 60,000,000 barrels would be set aside as a military reserve which was not to be used commercially without the express agreement of the two governments. This did not mean, of course, that no oil could be sold to local consumers until a field of 60,000,000 barrels had been proven up. Local requirements were so small that they would not appreciably diminish the reserve for a great number of years. The reserve would be drawn upon only for military purposes in time of peace and of war.

6. MR. ROBERTSON pointed out that an arrangement with Imperial Oil of the type proposed in the letter of intent would, in a sense, give the United States power to veto developments in the Canadian northwest and might place them in a difficult and invidious political position. He felt that it should be a responsibility of the Government of Canada to decide upon the rate and kind of development of the Northwestern oil field. DR. CLARK added that the burden of carrying a 60,000,000 barrel reserve and the expense of building a pipeline large enough to permit commercial development of the field meant that Imperial Oil would need a monopoly position in the whole area. This would accentuate the political difficulty from the Canadian standpoint. GENERAL PYRON, while not prepared to go quite so far as to say that Imperial would

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[30]Canada, *Recueil des traités*, 1942, N° 23.
Canada, *Treaty Series*, 1942, No. 23.

need to have a monopoly, agreed that no oil company would take on a financial burden of such magnitude without very generous treatment in the matter of leases. DR. CLARK did not like the figure of 60,000,000 when, according to Canadian estimates, the proven field at Norman Wells was only in the neighbourhood of 58,000,000 barrels. He felt that a ratio would be safer. GENERAL ROBINS said that the War Department favoured the ratio principle, but that Imperial Oil would have none of it, since present permits gave the Canadian Government half of the field held under new leases, while the United States were proposing to take the other half.

7. Reverting again to the question of responsibility for maintaining the strategic reserve, MR. ROBERTSON expressed the opinion that this was too big a question to be covered by a contractual agreement between the United States Government and a private company. MR. HICKERSON thought that this objection was not necessarily inherent in the proposed mode of settlement — the United States would sign a contract with the Company to maintain a reserve and would ask the Canadian Government, in a new intergovernmental agreement, to see that Imperial did so. Or, alternatively, the Canadian Government could exercise control through its own agreement with Imperial. He emphasized that the United States were anxious to reach an agreement with the Canadian Government and with the Company which would enable them to withdraw from the picture. The present approach represented an attempt to withdraw in a manner acceptable to the Company. They would be glad to consider any alternative proposal which the Canadian Government might care to put forward. He added that if this development was not carried out by an oil company, the alternative seemed to be one or both governments going into the oil business.

The meeting adjourned for lunch at 1 o'clock.

8. When the meeting reconvened at 3 p.m., MR. ROBERTSON pointed out that there were two important and to some extent separate aspects of the problem to be considered — the technical and the political. He suggested, therefore, in view of the limited time at the disposal of the United States representatives, that the meeting divide, with Mr. Jackson, Mr. Gibson, Group Captain Hanna, Mr. Macdonnell and the United States technical members endeavouring to clear up any questions of fact which were still outstanding, while the others met in his office to discuss the political problems involved. This suggestion was adopted, and Mr. Atherton, Mr. Hickerson, General Robins, Mr. Clark, Mr. Robertson, Mr. Heeney, Dr. Clark, Commander Edwards, Mr. Read, Wing Commander Cumyn and Mr. Reid withdrew to Mr. Robertson's office. Wing Commander Cumyn acted as secretary for this part of the meeting.

9. *Report of Discussions on the Political Aspects of the Problem*

MR. ROBERTSON opened the discussion by explaining that he felt the conversations were leading into issues which in themselves were of much greater importance and significance than the specific problem of renegotiating the Imperial Oil contract. Incidental to any settlement of the latter issue there might result, by inference or implication, settlement for a considerable time to

come of the larger issue of the policy to be followed by Canada in the development of the entire Canadian Northwest. Both Governments would have to give very careful examination to the proposals under consideration, in the light of the probable reaction on public opinion. The Canadian Government would like to have a mutually satisfactory solution reached as soon as possible, but could not at the moment state a definite proposition which would be acceptable to it; and, further, the Canadian Government saw serious difficulties in the sort of solution which the State Department had put forward. The discussions of the Technical Committee might assist in clarifying the position and he hoped that some of the political considerations might be explored by this Committee. Because of its apparent potential as a substantial field and because of the world political significance of petroleum, he feared that the Canol development contained within itself factors which might make for friction and disturbance in the relations between the two countries. There was danger that an agreement might be made on Canol which, while settling the immediate problems, might cause mischief in the wider sphere. He felt that no good would be served by reviewing the fairness or reasonableness of the original agreement and the foresight or lack of it that was then exercised. The agreement was drawn under conditions of wartime urgency to meet a threatening strategic situation, and it was against such a background that the Canadian Government had given ready assent to what was then regarded as a strictly wartime measure.

Reverting to the United States proposals, he remarked that these appeared to resolve themselves into two propositions, one relating to defence and the other to recovery of investment. These two propositions, on the surface, at least, appeared to be incompatible and it would seem that to the extent that an effort is made by the United States Government to recover its financial outlay, the defence proposition would appear to be undermined. It was on the basis of defence that the Canadian Government had originally accepted the Canol proposals but, although the degree of assistance to the defence of the continent rendered by the development would appear to have been but marginal, nevertheless, that marginal assistance, under different circumstances, might well have proved decisive. The investment considerations were thus excluded. The Prime Minister of Canada has underlined the continuing nature of Canada-United States defence relations. It might, therefore, be possible to spell out an arrangement on Canol that would reasonably take care of the interests of continental defence.

MR. HEENEY said that he had endeavoured to approach the problem in such a way as to separate the purely military or defence considerations from those based upon commercial or investment criteria. Under the apparent necessity of presenting the overall expenditure in a more favourable light, he found it exceedingly difficult to segregate the two. He added that the policy questions involved had not as yet been considered at the ministerial level and the Canadian officials were without instructions from the Cabinet. He was more and more impressed with the importance of policy considerations affecting any Canadian decision upon suggestions put forward by United

States representatives. However, if it could be accepted that the proposal in regard to strategic reserves was a bona fide one, then it should not be difficult for the Canadian Government to agree upon a reserve to be made available by the Canadian Government for continental defence when required. He was in some doubt as to the process of reasoning by which the amount of the proposed strategic reserve had been reached. It seemed unrealistic to select a figure of 60,000,000 barrels when the quantity that could be used for military purposes was, in fact, limited, and would continue to be limited for some time to come, by the size of the pipeline and the extent of the proven field. He suggested that any strategic reserve that might be created should bear a direct and realistic relationship to these physical limitations with provision, possibly, for subsequent modification to accord with future developments. The reserve would have to be under the control of the government of Canada. A strategic reserve in Canadian territory, in which the United States Government had a beneficial interest, could not on political grounds be defended in this country.

MR. HICKERSON stated that it would be the intention of the United States Government to leave the oil in the ground against a future eventuality — subject to withdrawal for peacetime military operations. It was realized that recoupment of the investment was improbable, and therefore in determining the amount of the strategic reserve, the figure had been set as high as possible. He pointed out that the reserve did not constitute outright ownership but merely an option to purchase.

MR. ROBERTSON commented that he found it difficult to visualize a situation wherein Canadian oil required for continental defence would not in any event be accessible to the United States Government irrespective of the existence of the option; indeed, it might be said that Canadian co-operation might be more readily forthcoming if there were no contractual obligation such as an option.

MR. HICKERSON agreed that from the past history of Canadian-United States relations he was satisfied that Canadian resources could be counted upon in any emergency, but unfortunately the Truman Committee had pointed to the failure of the United States Government to secure post-war rights and it was under the force of this criticism that the present approach was being made.

MR. HEENEY commented that objections on political grounds in Canada to concessions secured by the United States would be the more severe in proportion to the advantages which the United States appeared to secure.

MR. ROBERTSON introduced the further point that any claim for equitable treatment on a specific project that tended to separate from the overall war effort a sector of war activity, and attempted to strike a balance of profit and loss in favour of the individual nations participating, was fundamentally false and wrong and would lead to claims for equity in many directions; this could only raise ghosts of the debt controversies of the last war.

MR. HICKERSON stated that in a sense the difficulties of the problem had been compounded by the embarrassment resultant upon the discovery of a large amount of oil. He feared an unfavourable reaction in the United States

unless his government secured an agreement indicating a financial return (an unlikely prospect) or a strategic reserve. In respect to the latter, the larger the reserve the better his government's position would be. He thought it was possible that a formula could be agreed upon which need not cause Canada any embarrassment. In explanation of the figure of 60,000,000 barrels he stated that this represented in effect the additional pool discovered as a result of exploration financed by his government. When the original contract was drawn with Imperial Oil, the Company estimated a content of 8,000,000 barrels maximum. By his government's efforts the field had been enlarged by 50,000,000 barrels or approximately the amount of the proposed strategic reserve. What could be more logical than that this increase should accrue to the government's benefit?

MR. HEENEY suggested that the illogical feature would appear to be the control of Canadian resources by anyone but the Canadian Government.

GENERAL ROBINS pointed to the difficulty imposed by the findings of the Truman Committee against further wildcatting until an agreement had been reached with the Canadian Government and the Imperial Oil Company. Meanwhile, activity was suspended and drilling rigs and crews were standing idle while expenses continued at the rate of $350,000 per annum.

MR. ROBERSTON asked whether there was any disposition in the United States to impose restrictions on the export of United States produced oil. Any such restrictions, he thought, would introduce a new and serious complication, supposing Canadian resources to be frozen in a strategic reserve controlled by the United States.

MR. HICKERSON knew of no such possibility.

MR. ROBERTSON then remarked that over the next few years the two governments might find it necessary to agree upon joint action to cope with the problem of dealing with large quantities of surplus raw materials produced for war purposes by the extractive industries of the two countries. Such action might take the form of "strategic backlogs" setting up strategic reserves of such items as base metals, synthetic rubber, etc., which would, incidentally, tend to stabilize the markets for these products. Within the framework of such a scheme it might be possible to find a solution for the problem of Canol.

DR. CLARK asked whether a solution would not be possible along such lines as the creation by Canada of a strategic reserve (the magnitude of the reserve to be determined by the Canadian Government after consultation with the Chiefs of Staff of the two countries or the Permanent Joint Board on Defence) and the assumption by Canada of responsibility for continuing the wildcatting programme, to be accompanied by a public declaration by the Canadian Government of its plans for the development of the Canadian north.

MR. HICKERSON thought there might be good possibilities for an agreement of such a nature.

GENERAL ROBINS, pursuing this thought, outlined the terms under which his government might look with favour on the assumption by the Canadian Government of responsibility for continuing the development. He would be

happy to see the Canadian Government assume Imperial's position, taking over from the United States all equipment and rigs without any cash consideration, and, over and above the strategic reserve, undertaking to give the United States a fifty per cent interest in any additional oil proved through subsequent drilling. He added that United States expenditure on development totalled above $15,000,000, of which approximately $7,000,000 had been expended through Imperial and approximately $8,000,000 represented transportation expenses chargeable to production.

DR. CLARK asked whether it would be an advantage or an embarrassment to the United States Government if the Canadian Government were to assume United States exploration costs to date.

MR. HICKERSON replied that this proposal required consideration. The difficulty was that the exploration costs would look small against the total expenditure of $134,000,000.

MR. ROBERTSON suggested that it would be difficult to devise a scheme of monetary compensation that would stand up to public criticism in both countries.

GENERAL ROBINS, in response to a suggestion that the Canadian Government might purchase the equipment in the field from the United States Government, said that one difficulty was that Imperial Oil now had option to buy all equipment in the field and negotiations would have to be conducted with them.

DR. CLARK suggested that the figure of 50,000,000 barrels appeared to have some "ocular" value and, in the formula to govern creation of a strategic reserve, this figure might be employed in relation to the maximum amount to be set aside.

MR. HICKERSON suggested that 50,000,000 barrels would more properly be considered a minimum; he agreed that the figure possessed "ocular" value.

DR. CLARK suggested that the figure might be disproportionate, considering the size of the field.

GENERAL ROBINS then proposed that, in conjunction with an assumption by the Canadian Government of the drilling contract, the Canadian Government might agree to maintain 50% of the proven supply for strategic purposes.

DR. CLARK contended that this might ruin the commercial possibilities.

GENERAL ROBINS then pointed to the urgent importance of an early revision of the Imperial contract. He explained that his government was now concerned solely with the area on which their rigs were located.

MR. ROBERTSON closed the discussions by indicating that the two governments now had a better understanding of each other's problems and the Canadian Government, for its part, fully understood the urgency of the situation. Obviously, careful thought by the Canadian Government was required. As soon as the Canadian Government was ready to put forward a concrete proposal, it would let the United States Government know.

10. *Report of Discussions on the Technical Aspects of the Problem*

MR. JACKSON stated that, although at the December meeting it had been agreed that General Worsham should be immediately instructed to supply a geological report to General Foster, this report had not yet been received. He emphasized that it was essential for his Department to have all available information as quickly as possible. GENERAL PECKHAM promised to check with General Robins to make sure that instructions had been sent to General Worsham to release the information to General Foster.

MR. GIBSON pointed out that Dr. Hage of the Department of Mines and Resources, who had been detailed to take over Dr. Stewart's work as the Department's representative and deputy to General Foster at Norman Wells, had reported that the United States officer in charge of exploratory operations there felt that he could not allow Dr. Hage access to geological information without specific authorization from General Worsham. COLONEL GRALING thought that possibly the explanation was that the officer in question had not been officially notified of Dr. Hage's appointment. He said that he would look into the matter.

MR. JACKSON said that he had some difficulty in reconciling the figure of $17,000,000 charged to prospecting and developing new wells at Norman in the Truman Committee's Report with the $2-3,000,000 estimate given by the United States representatives at the meeting in December. GENERAL PECKHAM explained that the latter figure covered merely the cost of wildcatting. The $17,000,000 included, in addition to the costs of drilling, equipment and transportation, some $2,000,000 not yet spent. He could not at the moment furnish a detailed breakdown of the figure. COLONEL GRALING suggested that the Off Continent Field Progress Report on the Canol Project, which the Department of Mines and Resources received monthly, would probably give a rough breakdown.

GROUP CAPTAIN HANNA pointed out that under the present contract and with only a 4″ pipeline, it would take the United States over a year after the completion of the project to secure delivery of the first 1,500,000 barrels of oil at $1.25. GENERAL PECKHAM said that this was not quite correct, since 400,000 barrels have already been purchased during the construction period.

In reply to a question by Mr. Jackson, GENERAL PECKHAM stated that he had no idea of the value of the equipment now in the field, but that General Robins could probably supply the information.

When asked whether United States equipment at Norman Wells could be made available to any other agent than Imperial Oil, GENERAL PECKHAM said that United States Army regulations permit the renting of surplus equipment. However, Imperial has the option to purchase the equipment at Norman when it is no longer required by the United States and negotiations would have to be conducted with them before it could be made available to any other party.

GROUP CAPTAIN HANNA asked whether the proposed 60,000,000 barrel reserve would be used solely for defence purposes or whether it could be used for such operations as maintenance work on the Alaska Highway. GENERAL

PECKHAM stated that the latter would come within the definition of "military purposes". GROUP CAPTAIN HANNA then suggested that if a large field was not discovered, the United States might be using up the strategic reserve for purely routine purposes. The United States representative thought that this was rather unlikely, if oil could be brought in from the United States at a lower cost than that for which it could be produced at Norman Wells.

MR. JACKSON asked whether any exploratory work had been done by the United States outside the Norman Wells area. GENERAL PYRON said that operations had been confined within a 50 mile radius of Norman Wells. GENERAL PECKHAM added that the six holes upon which drilling operations had been halted pending revision of the agreement with Imperial Oil were: Seepage Lake #1, Raider Island #1, Loon Creek #1, Loon Creek Extension #1, Mack #2 and Ray's Creek #1. In reply to a further question by Mr. Jackson, General Peckham said that the proposed new contract with Imperial would apply to the area around and adjacent to Norman Wells. It was not specified that the 60,000,000 barrels should come from the wells at Norman, and he thought that the Company hoped to be able to supply most or part of it from wells on new locations — from the promising Loon Creek structure, for instance.

MR. GIBSON inquired if any cognizance had been taken of the possibility that oil of different quality might be discovered. GENERAL PYRON said that the possibility of finding heavier oil was a risk which had to be taken in wildcatting operations in that area, although it was reasonable to suppose that fields in close proximity to Norman Wells would be fairly consistent in quality.

The United States representatives could give no estimate of the cost of maintaining the 4" pipeline, since there was no past experience on which to base it. There was no record of a pipeline being operated for any length of time under such temperature conditions as prevail in Northwestern Canada.

10. At 4:30 p.m. the two sections of the meeting reassembled. In closing the discussion, MR. ROBERTSON stated that the Canadian representatives would have to give further consideration to the problem, and the views of the Minister would have to be obtained. As soon as the Canadian government had clarified its own position, the United States authorities would be approached with a view to resuming conversations.

The meeting adjourned at 4:45 p.m.

**901.** PCO

*Procès-verbal du Comité de guerre du Cabinet*

*Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] February 17, 1944

A meeting of the War Committee of the Cabinet was held in the Privy Council Chamber on Thursday, February 17th, 1944, at 11 a.m.

*Present:*

The Prime Minister (Mr. King), in the Chair,
The Minister of Mines and Resources (Mr. Crerar),
The Minister of National Defence (Mr. Ralston),
The Minister of National Defence for Air (Mr. Power),
The Minister of Finance (Mr. Ilsley),
The Minister of Transport (Mr. Michaud),
The Minister of National Defence for Naval Services (Mr. Macdonald),
The Minister of Justice (Mr. St. Laurent).

The Under-Secretary of State for External Affairs (Mr. Robertson),
The Secretary to the Cabinet (Mr. Heeney).

*Development in Northwest Canada (Canol); U.S. War Department; Imperial Oil Limited*

1. THE SECRETARY submitted and read a memorandum prepared in the Privy Council Office in consultation with the Department of Mines and Resources and External Affairs. Copies of the memorandum were circulated.

The memoradum may be summarized as follows:

The U.S. War Department had recently advanced certain tentative proposals for the modification of existing arrangments which involved the re-negotiation of their agreements with Imperial Oil Limited.

The chief of these proposals were: that the United States continue, for the duration of the war, their agreement to purchase crude petroleum from Imperial Oil at the rate of 3,000 to 4,000 barrels per day at fixed prices; that their "wildcatting" agreement with Imperial Oil be terminated; and that a "strategic reserve" of 60,000,000 barrels be created in the area for the military use of the United States.

These proposals, and the prospect of an early discovery of oil resources of wide extent, raised large questions of Canadian government policy which related to the whole development of Northwestern Canada.

It appeared to be in the Canadian interest that the U.S. government be enabled to withdraw from their present position which contained elements which might lead to friction later on. From this point of view an attempt should be made to meet the U.S. War Department in the matter of a strategic reserve, the maintenance of such a reserve for continental defence not being inconsistent with Canadian policy.

Four tracts of oil land were involved: two of which were at present being developed by Imperial Oil. It was suggested that a reserve of 32,500,000 barrels be created on these two tracts; that on the third tract, as yet undeveloped, fifty percent of the oil, being the Canadian government's share under existing regulations, be set aside; and that an additional reserve of from ten to twenty percent of the oil discovered in the fourth tract be added to the reserve. These reserves, it was suggested, could be at the sole disposal of the Canadian government, and would be made available to the United States in accordance with Canadian government policy regarding continental defence. It

might be stipulated as the objective of the Canadian government to establish a military reserve of 60,000,000 barrels or more.

An arrangement of this sort raised the whole question of future development in the Northwest and the difficult problem of the relationship of the government to the exploitation of oil resources. In this connection four possible policies had been considered:

(a) independent exploitation by private companies under government regulation;

(b) exploitation by a single private company under government regulation;

(c) exploitation by companies in which the government would hold an interest; and,

(d) direct government development.

A decision on the question of policy outlined above must ultimately be taken by the government.

At the present moment, drilling crews are standing by (on the third tract), and in regard at least to the drilling programme, U.S. authorities are pressing for a decision by the Canadian government. If it is not possible for the government to reach an early decision, without unduly committing itself in regard to the larger issues involved, the immediate situation might be met by an undertaking on the part of the government to:

(a) maintain or cause to be maintained a strategic reserve as heretofore described;

(b) assume financial responsibility for the completion of the drilling of the six wells, now temporarily suspended, on terms to be decided in due course by the Canadian government.

(Secretary's note, Feb. 16, 1944 — C.W.C. document 716).†

2. MR. HEENEY reported that, since the memorandum had been prepared, the U.S. government had indicated that they would be agreeable to an arrangement whereby the War Department would continue drilling outside the Norman field (already authorized), the Canadian government to own the wells so drilled and one-half of the oil discovered to constitute "a United States military reserve." It had been intimated that the United States would be equally agreeable to the reserve belonging to the Canadian government, subject to one-half of the oil being available for U.S. military requirements.

(External Affairs memoradum, Feb. 15, 1944).†

3. THE MINISTER OF MINES AND RESOURCES commented upon the memorandum submitted, and described the position of the Canadian government in relation to the U.S. undertakings, the rights of Imperial Oil Limited, and the future development of the Northwest.

Present indications were that a very large field of oil might exist throughout the Mackenzie River basin. The Canadian government could not afford to countenance the alienation of such an important national resource to a foreign country, nor allow it to pass to corporations controlled outside of Canada.

4. THE PRIME MINISTER agreed that the people of Canada would expect their government to protect the national interest in any large resources of oil which might result from the further exploration of the Canadian Northwest.

From this point of view, it appeared that government policy should be directed toward the termination of U.S. activities in these oil properties and to providing for their development under Canadian auspices.

It might be that immediate action should be taken along the lines of the final paragraphs of the memorandum submitted. The advice of the Economic Advisory Committee should be obtained on the long range questions as to the means to be adopted for the further exploitation and development of the area.

5. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS observed that the argument which was being advanced to support U.S. claims to a substantial position in the Middle Eastern oil fields, namely that U.S. oil resources had been seriously depleted for the war purposes of other United Nations, notably Great Britain, had not yet been applied to the Canol development. Access to the oil resources of the world was likely to become a serious international issue. It would be unfortunate if a Canadian oil field were to become the subject of similar contentions between Canada and the United States.

Consideration might be given in relation to present problems of exchange, under discussion between U.S. and Canadian treasuries, to the reimbursement to the United States of their costs in the Norman area upon exploration and drilling.

6. THE MINISTER OF NATIONAL DEFENCE agreed that it was desirable that the United States should withdraw from the Northwest and that government policy should be directed to that end.

Any undertaking with regard to the maintenance of a "strategic reserve" in the area should, however, be very carefully scrutinized from the point of view of the extent of the obligation to the Canadian government. Possibly the United States should be allowed to continue their drilling, pending an examination of this question.

The problems involved might profitably be examined by a sub-committee composed of the Ministers of Mines and Resources, Justice and Transport, with the Under-Secretary of State for External Affairs and the Secretary. The Minister of Munitions and Supply could be consulted upon his return to Ottawa.

7. THE WAR COMMITTEE, after further discussion, agreed to the establishment of the sub-committee proposed by Mr. Ralston, with a view to its reporting and submitting recommendations at as early a date as possible.

The meeting adjourned at 1:10 p.m.

**902.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] February 22, 1944

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OIL DEVELOPMENT IN NORTHWEST CANADA (CANOL);
U.S. WAR DEPARTMENT; IMPERIAL OIL LIMITED

24. THE SECRETARY submitted and read a report of the sub-committee appointed at the meeting of February 17th. Copies of the report were circulated.

(Report of sub-committee, Feb. 22, 1944 — C.W.C. document 721).[1]

25. THE MINISTER OF MINES AND RESOURCES pointed out that while action along the lines recommended by the sub-committee's report offered a solution of immediately pressing questions, the principal problem of policy, namely, the method to be adopted for development of the oil resources of the whole area would still remain for consideration.

26. THE WAR COMMITTEE, after consideration of the sub-committee's report and considerable discussion, agreed:

(1) that the policy of the government should be directed to facilitating the early withdrawal of the United States from activities in Northwest Canada in connection with the discovery and production of oil;

(2) (a) that the government agree to maintain or cause to be maintained, in the Canadian Northwest, for purposes of continental defence, a strategic reserve of oil to consist, in the field already proven, of 20 to 30 million barrels, and in fields to be proven, of a percentage of the oil discovered with the stated object of achieving a total reserve of 60 million barrels;

(b) that the use and extent of the said strategic reserve should be determined on the advice of the Permanent Joint Board on Defence in relation to need and total supply, it being understood that oil from the reserve made available to U.S. forces would be provided at cost, plus an appropriate fee per barrel;

(c) that, upon termination of existing U.S. agreements with Imperial Oil Limited for exploration and drilling, the government undertake responsibility for the continuance of drilling now in progress;

(d) that the arrangements set cut in (a), (b) and (c) above, should not affect the supply of oil to the U.S. War Department, for the duration of the war, as provided in existing contracts; and,

(e) that the U.S. government be informed in the sense of the foregoing paragraphs in a communication to be approved by the Ministers of Mines and Resources, National Defence, Munitions and Supply, and Justice.

THE WAR COMMITTEE also noted the further recommendation of the sub-committee that the method of future oil development in the Northwest be considered as an urgent and important matter of government policy.

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**903.** DEA/463-N-40

*Le sous-secrétaire d'État aux Affaires extérieures au secrétaire, le Comité de guerre du Cabinet*[31]

*Under-Secretary of State for External Affairs to Secretary, Cabinet War Committee*[31]

CONFIDENTIAL Ottawa, March 2, 1944.

Dear Mr. Heeney,

The United States Ambassador left with me this morning the enclosed note. It is a draft reply and counter-proposal to the Prime Minister's letter of February 25th[1] regarding the disposition of United States oil exploration and drilling activities in the Northwest Territories. In giving me this memorandum, Mr. Atherton said that his Government would like to have an opportunity of discussing, with representatives of our Government, the points on which his Government's counter-proposals differed from the plan we had put forward. He thought such discussions would be expedited if we had available a preliminary indication of the United States approach to the question. They were anxious to discuss the question at our early convenience, and would be prepared to have General Robins and Mr. Hickerson come to Ottawa whenever we were ready to talk to them. He hoped that Monday, March 6th, might prove a possible date for such a meeting.

Yours sincerely,

[N. A. ROBERTSON]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de l'ambassade des États-Unis*

*Memorandum from Embassy of United States*

[Ottawa, February 29, 1944]

It is agreed that an early withdrawal of our Government from activities in Northwest Canada in connection with the discovery and production of oil should be arranged and that a strategic reserve of oil should be established in the Canadian Northwest for the purposes of continental defence. It is believed that the stated objective for this reserve should be not less than 120 million barrels.

United States agrees that the use of this strategic reserve should be determined by the Canadian Government on the advice from time to time of the Permanent Joint Board on Defence in relation to need and total supply, the

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[31]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
Similar letter and enclosure sent to Hon. C. D. Howe, Minister of Munitions and Supply Hon. T. A. Crerar, Minister of Mines and Resources Dr. Charles Camsell, Deputy Minister of Mines and Resources Dr. W. C. Clark, Deputy Minister of Finance.

portion to be allocated to United States forces to be not less than one-half thereof.

United States will terminate its existing agreements with Imperial Oil Limited for exploration and drilling in the Canadian Northwest and will transfer ownership of the building, installations, drilling and other equipment and supplies used or destined for use in such explorations and drilling to the Canadian Government and/or Imperial Oil Limited. The Canadian Government will conduct or cause to be conducted such further drilling as may be required in the Norman Wells field to make and keep the field capable of delivering at least 4 thousand barrels of oil per day to the United States Government for the duration of the present war; and will undertake the responsibility and conclude arrangements for the continuance of exploration and drilling outside the already proven field with the stated object of achieving the total reserve of 120 million barrels.

All oil withdrawn by the United States for the duration of the war under existing agreements, and thereafter from the strategic reserve, will be provided at cost plus a fee of 15¢ Canadian currency per barrel.

Either Government may make available any or all of its portion of oil in the strategic reserve to the other Government for military purposes at 50¢ Canadian currency per barrel.

As oil is discovered in areas outside the already proven area, at least 50% thereof will be placed in the strategic reserve until the total reserve of 120 million barrels is attained. Until this stated objective is reached, the United States will have a preferential right to withdraw against its portion of the reserve an amount up to 30 million barrels from the already proven area.

The Canadian Government agrees that after the United States disposes of the pipeline and refinery facilities as provided in the existing agreements:

(a) the owners and/or lessees thereof will permit the facilities to be used, on equitable terms, for the transportation and refining of the oil withdrawn from the strategic reserve for United States forces; and for the distribution of the products derived therefrom.

(b) that the owners and/or lessees of all works, installations and facilities of the Canol project shall be granted adequate enjoyment of the sites, rights of way, and riparian rights required for satisfactory utilization thereof.

(c) that the provisions of the August 14-15, 1942 exchange of notes as to the disposition of the Skagway-Whitehorse pipeline[32] shall apply also to the gasoline distribution lines to Watson Lake and Fairbanks.

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[32]Canada, *Recueil des traités*, 1942, N° 24.
Canada, *Treaty Series*, 1942, No. 24.

**904.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 10, 1944

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OIL DEVELOPMENT IN NORTHWEST CANADA

12. THE SECRETARY, referring to the discussion at the meeting of February 22nd, reported that the War Committee's decision had not been satisfactory to the U.S. government who, in turn, had advanced certain counter-proposals which were not acceptable to Canada, since they involved a strategic reserve of 120 million barrels and a firm allocation of half that amount to the United States.

In the circumstances, further consideration had been given to the earlier proposal of the U.S. War Department for a re-negotiation of their contract with Imperial Oil Limited.

(Privy Council Office memoranda, March 8 and 9, 1944),[33]

13. THE MINISTER OF MUNITIONS AND SUPPLY said that the U.S. government wished to make an agreement with Imperial to obtain the supply, during the war, of 3,000 to 4,000 barrels of oil daily and to secure to the U.S. War Department the right to purchase an additional 60,000,000 barrels, if the company brought in a field of sufficient extent to justify further development and the construction of a larger pipeline.

Such an agreement would require modification by the government of the wartime regulations under which Imperial now operated and by which the government retained a fifty percent interest in new fields discovered by the Company. Such onerous conditions had been possible only because the U.S. War Department, under their agreement with Imperial, paid all the Company's costs.

Since the U.S. government now wished to withdraw from all exploratory and drilling operations, the Government should modify the regulations to provide only for the normal ten or twelve percent royalty, so as to make it possible for Imperial to go on with the program of development.

In view of the serious world shortage of oil, and particularly the constant difficulty of obtaining Canadian requirements from the United States, the government could not well adopt any policy which would prevent the continuance of development of the Northwest fields. The only practicable method of obtaining such development was to make it possible for Imperial to continue, and sanction the re-negotiation of their contract with the United States.

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[33]Non trouvé./Not located.

14. THE MINISTER OF MINES AND RESOURCES felt that any arrangement with a private oil company which had the effect of granting monopoly rights and which involved large reduction of government interest by the revision of existing regulations would arouse serious public criticism.

Negotiations with the United States upon Canol should be related directly to all other U.S. defence expenditures in Canada with a view to effecting a general settlement which would be final and terminate U.S. interests in Northern oil development once and for all.

The matter of the re-negotiation of the U.S. contract with Imperial and the revision of the regulations was inextricably linked to the major question of the policy to be adopted by the government for the development of Northern resources.

15. THE WAR COMMITTEE, after further discussion, agreed to defer decision pending further consideration of the subject.

A. D. P. HEENEY

**905.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 15, 1944

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OIL DEVELOPMENT IN NORTHWEST CANADA (CANOL)

9. THE MINISTER OF MUNITIONS AND SUPPLY referred to the discussions in War Committee on March 10th, 1944, and stressed the need for an early decision.

10. THE DEPUTY MINISTER OF MINES AND RESOURCES reported that exploration of the oil field would probably take six to seven years and cost $25 millions. Subsequently, if the field should be sufficiently large to justify development, expenditures in the nature of $60 millions for the construction of a new pipeline would be required.

The speculative nature of this expenditure made Imperial Oil Limited reluctant to operate under present arrangements whereby the government received a fifty percent royalty. On the other hand, because of the short season and geographical conditions involving high costs for exploration, drilling and transportation, a satisfactory solution might be achieved by the adoption of a sliding scale of government royalty payments based upon the normal rates for such operations. At the same time, any permit for exploration would be limited to one million acres and Imperial Oil might be granted one or possibly two such permits. A recapture clause should be included to protect the position of the government in the event of any unforeseen development taking place. The obligation would also be placed upon Imperial Oil to construct a "common-carrier" pipeline if the field justified it.

11. THE PRIME MINISTER referred to the necessity for development of natural resources in a manner to serve the public interest. It appeared that, in the existing circumstances, it would be inadvisable for the government to undertake directly the exploratory work involved. The Minister of Mines and Resources had, however, referred to the possibility of developing the field through a company in which the government held a financial interest.

12. MR. HOWE pointed out that such a course might handicap the proposed development. Unless it met with early success, public opinion would be likely to question the expenditure of the large sums of government money that would be required for exploration and development.

The grant to Imperial Oil of a permit of the type indicated by Dr. Camsell would not create monopoly conditions since, if an adequate field were proven, much territory would remain for exploration and development by other companies.

13. THE WAR COMMITTEE, after further discussion, agreed:

(a) that the Deputy Minister of Mines and Resources be requested to submit, in the light of the discussion, for further consideration, new regulations for oil development in the Northwest;

(b) that the Secretary, in consulation with the Deputy Minister of Mines and Resources, prepare a memorandum based upon the foregoing discussions; and

(c) that the United States be informed that the Canadian government was exploring the possibility of arrangements which would make it possible for the United States to re-negotiate its contracts with Imperial Oil.

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**906.** DEA/463-N-7-40

*Procès-verbal d'une réunion[34] sur le développement Canol*

*Minutes of Meeting[34] on Canol Development*

SECRET Ottawa, March 25, 1944

MINUTES OF A MEETING HELD IN OTTAWA, MARCH 6-7, 1944, TO DISCUSS THE CANOL DEVELOPMENT

1. Representatives of the interested departments of the United States and Canadian Governments met in the Conference Room of the Department of External Affairs, Ottawa, at 4 p.m. on Monday, March 6, to discuss the latest proposals on the Canol question embodied in the Prime Minister's letter to the United States Ambassador of February 25[1] and Mr. Atherton's informal memorandum of February 29. The following took part in the discussions:

[34]En date du 25 mars 1944./Dated March 25, 1944.

*United States*

Mr. Lewis Clark, First Secretary, United States Embassy
Colonel F. J. Graling, Military Attaché, United States Embassy
Colonel D. A. Burchinal, United States Embassy

Mr. J. D. Hickerson, State Department
Mr. J. H. Amberg, Office of the Under Secretary of War
Major General T. M. Robins, Assistant Chief of Engineers, United States Army
Brigadier General H. L. Peckham, Office Quartermaster General, United States Army
Brigadier General W. Pyron, Oil Consultant, United States Army

*Canada*

Mr. N. A. Robertson, Under Secretary of State for External Affairs
Mr. J. E. Read, Legal Adviser, Department of External Affairs
Mr. R. M. Macdonnell, Department of External Affairs
Miss B. M. Bridge, Department of External Affairs

Mr. A. D. P. Heeney, Secretary, Cabinet War Committee
Wing Commander P. A. Cumyn, Secretary, Interdepartmental Panel on Joint Defence Projects

Dr. W. C. Clark, Deputy Minister of Finance

Commander C. P. Edwards, Deputy Minister of Transport

Dr. C. Camsell, Deputy Minister of Mines and Resources
Mr. C. W. Jackson, Executive Assistant to the Deputy Minister of Mines and Resources
Mr. R. A. Gibson, Deputy Commissioner, Northwest Territories Council
Dr. J. S. Stewart, Department of Mines and Resources

Colonel J. H. Jenkins, Director of Military Operations and Plans, Department of National Defence (Army)

Group Captain W. F. Hanna, Director of Plans, Department of National Defence (Air)

2. MR. HICKERSON explained that the counter proposal put forward in Mr. Atherton's memorandum had not been approved by either the War or State Department, but was something which he and his colleagues thought could be recommended to their Departments. It was their view that it would be desirable to reach agreement in substance before embarking on any further correspondence, and for this reason the United States reply to the Canadian proposals had been sent as an informal memorandum rather than an official note or letter.

3. In the general discussion which followed, it was evident that the principal objections to the United States counter proposal, from the Canadian point of view, were (a) the objective of 120 million barrels (double the Canadian figure) set for the reserve, (b) the method of setting up the reserve — by placing in the strategic reserve at least 50% of the oil discovered in areas outside the proven field, which, it was felt, would seriously prejudice, if not

altogether eliminate, the possibility of private enterprise undertaking the exploitation of the area, and (c) the implication of a continuing United States interest in the oil resources of Northwestern Canada.

4. Emphasizing that the figure of 120 millions should be considered as an objective, not as an actual reserve, MR. HICKERSON and GENERAL ROBINS explained that it had been set in order to give the United States an option to buy 60 million barrels, assuming that the strategic reserve referred to in the Prime Minister's note was a joint reserve. 60 million was the amount of the known field and also the figure suggested in the proposed new contract with Imperial Oil which had been discussed in January, and was, incidentally, comparable with the investment of the United States in the development of the Norman field. They suggested that if the Canadian figure — 60 million barrels — was retained, United States critics would immediately argue that at best the United States would not get more than 30 million barrels. MR. HEENEY countered that, in the ordinary course of operations in the North Pacific, United States requirements would be much greater than Canadian, and that, in the circumstances, the Permanent Joint Board on Defence would almost certainly recommend an allotment to the United States of a proportionate order. DR. CLARK commented that this would hardly meet the United States objection, since critics would point out that the Canadian Government was not bound to accept the recommendation of the Board. MR. HICKERSON admitted that the figure 120 million would be troublesome if the field totalled only 300 million barrels, since, if adhered to, it would make commercial development impossible. If a 500 million barrel field was discovered, it would not make much difference. In any event, with present facilities for transportation and refining, the whole scheme was hypothetical. GENERAL ROBINS suggested that an original objective of 120 million barrels be set up and the Permanent Joint Board on Defence left to modify it if the size of the field ultimately proven seemed to make this necessary.

DR. CLARK wondered whether there was any other possible basis for determining the size of the strategic reserve, for instance, the present rate of consumption in the Alaskan area. GENERAL PYRON could not give offhand an exact figure, but expressed the opinion that the requirements of the Navy in the North Pacific and of the Alaskan theatre would be in excess of 20,000 bbls. per day, the objective which had been set for the exploratory programme.

DR. CAMSELL pointed out that the larger the reserve set up, the greater the difficulty of getting private enterprise to develop the field.

MR. HEENEY explained that another difficulty from the Canadian point of view was that it could be represented to the Canadian people that the proven field is only 60 million barrels and that the amount to be allocated to the United States is therefore equal to the known resources. He foresaw great difficulty in raising the size of the reserve to 120 million barrels, with 60 millions the United States share, and in defining the nature of the right of the United States with respect to the purchase of this oil. He wondered whether some of the United States criticism could be met by deleting the word "extent" in the Canadian note and adding a proviso to the effect that the United States

should have an allotment equal to at least half of the reserve. MR. HICKERSON said that the United States regarded a definite figure as essential.

5. MR. ROBERTSON stated that the features which troubled him most were the indefinite term of the arrangement and the foreign policy implications of a firm allocation to the United States of a right to buy, regardless of the circumstances. He was not sure what the long term implications would be, or would be thought to be, of an indefinite contingent assignment of this sort for strategic purposes under the aegis of the Permanent Joint Board on Defence. Also, what would be the implications for the United States and Canada vis-à-vis a third power? He felt that it would be an advantage if we could get something more definite and with a time limit. He added that the ultimate responsibility for the development of the field must rest with the Canadian Government. That responsibility covered not only current use but rate of future development and extent of the reserve.

6. DR. CLARK asked whether there was any other approach which could be made. The only alternative which had occurred to him was the reimbursement of the United States for drilling costs. MR. HICKERSON said that the present approach seemed the only practicable one. He and his colleagues were not much attracted to the alternative suggested by Dr. Clark.

MR. ROBERTSON inquired whether an aggressive development policy and an assurance of no discrimination would meet United States requirements, Mr.Hickerson thought not.

7. After considerable general and inconclusive discussion the meeting adjourned to give the two delegations an opportunity to meet separately with a view to exploring the possibilities of reconciling their divergent views.

8. The meeting reconvened at 10:30 a.m. Tuesday, March 7. Opening the discussion, MR. ROBERTSON stated that the Canadian Government has not yet decided what would be the best sort of domestic development of the oil resources in the Northwest. The suggestions put forward in the Prime Minister's letter represented what it was hoped might be an interim solution which would be a definitive answer to the present United States difficulties but which would at the same time enable the Canadian Government to give further consideration to the questions of policy involved in exploitation. The letter left open what positive steps the Canadian Government would take or what instrument it would use in carrying out the undertakings which it would assume. He suggested that it might be useful to consider again briefly the various solutions which have been proposed:

(a) *Maintenance of a strategic reserve by the Canadian Government*

If the Canadian Government took a direct responsibility, it could only do so along the lines suggested in the Prime Minister's letter.

(c) [*sic*] Renegotiation of the United States contract with Imperial Oil

MR. ROBERTSON pointed out that under this scheme the wartime deliveries to the United States would be the same as contemplated in the Canadian proposal. He asked whether the United States would have been out of the development field as completely under this scheme as under the arrangements

outlined in Mr. King's letter. MR. HICKERSON and GENERAL ROBINS replied in the affirmative, — the United States would be merely a purchaser of oil from Imperial.[35] Standard Oil of California would continue to operate the pipeline for the War Department. MR. ROBERTSON remarked that what was really involved, then, was an option to buy on the part of the War Department and an undertaking to sell, as and when available, on the part of the company, with no commitment beyond considerations of the market. There was no question of access or guaranteed development. He inquired whether, if such an arrangement could be worked out, the original intergovernmental agreement would stand. MR. HICKERSON replied that basically it would, with one or two minor alterations such as incorporating the feeder pipelines along the Alaska Highway in the Canol project and clarifying the position with respect to right-of-way. The new contract would also have to be approved by both governments, possibly in an exchange of notes. MR. ROBERTSON added that, if the United States made a long term contract with option to purchase, they would want some assurance of freedom from export restrictions and of freedom of delivery through existing facilities. This should probably be done through an exchange of notes which might also provide for unrestricted access to tidewater across United States territory of any pipeline required by the commercial development of the field.

MR. ROBERTSON went on to say that he thought that some of the objections to the proposed contract might be removed by stripping the language of all political significance and couching it in as nearly commercial terms as possible. GENERAL ROBINS suggested that this could be done by redrafting paragraph 5 of the letter of intent (Appendix A)[†] — by, for instance, deleting the phrase "for military purposes" and dropping or modifying the concluding sentence so as to meet the Canadian objection to any suggestion of United States ownership of oil in Canada. MR. AMBERG thought that the difficulty presented by the figure of 60 million barrels could be largely eliminated by setting aside 30 million barrels in the proven field and 10% of future discoveries until a total of 60 millions had been reached. After considerable discussion, paragraph 5 was redrafted as follows, as a possible basis of agreement:

(5) That on the termination of said Contract No. W-412-ENG-52, the contractor will give to the government of the United States the continuing right to purchase for its own use and not for resale crude petroleum up to 30 million barrels from the proven field and an additional amount up to 30 million barrels from such other fields as may be proven under leases and permits now or

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[35]La note suivante était dans l'original:
The following footnote was in the original:

Mr. Hickerson and General Pyron explained that the figure of 4,000 bbls. daily delivery mentioned in the proposed new contract with Imperial could be reconciled with the figure of 3,000 represented as the carrying capacity of the pipeline in the exchange of notes as follows — the flow through the pipeline could not be maintained at a uniform rate of 3,000 bbls. per day. For two months in the summer 4,000 bbls. can be delivered, while during the coldest days of winter only 2,000-2,500 bbls. will flow through the pipe. This gives an all-year-round average of roughly 3,000 bbls. per day.

hereafter granted by the Canadian Government, upon payment by the government of actual cost of production in accordance with standard methods of establishing such costs, plus 15 cents Canadian currency per barrel. It is understood that the additional 30 million barrels will be made available at the rate of not less than 10% of each new field proven. If such petroleum is not required by the government, the contractor may obtain release of the government's right to purchase, in whole or in part, on payment to the government of the sum of 50 cents Canadian currency per barrel.

COMMANDER EDWARDS and DR. CAMSELL opposed certain features of this scheme. They felt that the period of time during which the United States should have the right to purchase oil ought to be limited, for instance, to the life of the existing leases, and also that the area should be more specifically defined, say to the Mackenzie River area. They objected also to the inclusion of the provision with regard to release of the United States Government's right to purchase upon payment by the contractor of 50 cents Canadian currency per barrel. Commander Edwards was of the opinion that, while no doubt the intent of the words "under leases and permits now or hereafter granted by the Canadian Government" was intended to apply to Imperial Oil leases, it would be better if the wording were revised to mention this limitation specifically.

The United States representatives pointed out that Imperial would not accept the proposals made in the letter of intent unless and until they had secured a new agreement with the Canadian Government modifying the present arrangement which gives the government half of the fields developed under wartime permits. If renegotiation of the Imperial contract should be accepted as the most satisfactory solution, the problem to be settled is the arrangement between the Canadian Government and the company. This, as DR. CAMSELL pointed out, would also involve definition of the policy of the Canadian Government with regard to the exploitation of the area.

GENERAL ROBINS expressed the hope that the Canadian Government would come to an early decision, since his Government was anxious to proceed with negotiations for a lower purchase price for the oil at the earliest possible moment. MR. ROBERTSON said that the question would be brought to the attention of the Cabinet immediately and that he would advise the United States Government as soon as a decision had been reached. The United States representatives agreed to make no further approach to Imperial until they were informed of this decision. Meanwhile, the War Department would cancel its contract with the Noble Drilling Company at once and withdraw the crews from the field.

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907. PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 31, 1944

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OIL DEVELOPMENT IN NORTHWEST CANADA (CANOL)

1. THE SECRETARY submitted a memorandum based upon the discussion at the meeting of March 15th and prepared in consultation with the Deputy Minister of Mines and Resources, also a report prepared by Dr. Camsell containing proposals put forward after conversations with officials of Imperial Oil Limited. Copies of these documents had been circulated.

(Memorandum from the Secretary and the Deputy Minister — C.W.C. document 743[1] and memorandum from the Deputy Minister — C.W.C. document 744, March 28, 1944).[1]

2. THE MINISTER AND DEPUTY MINISTER OF MINES AND RESOURCES commented on and explained the proposals set out in Dr. Camsell's memorandum for arrangements with Imperial Oil for production and development.

3. THE WAR COMMITTEE, after consideration of the report submitted, agreed that the Deputy Minister prepare, for consideration by Council, a submission containing the following conditions:

(1) *With respect to the proven field (approx. 5,000 acres):*

(a) to be developed as a unit operation;

(b) government's share agreed at ⅓ (20 million barrels);

(c) the company to manage the operation;

(d) the government to pay cost of producing its share plus 10% fee;

(e) the company to pay a royalty of 5% of its share of oil except such as sold to the United States during the war;

(f) the government to permit its share of oil to be drawn upon up to 10 million barrels to meet U.S. option;

(g) the company to carry on only such development as necessary to meet local and U.S. requirements while searching for other fields to prove up 300 million barrels.

(2) *With respect to the area under permit outside the proven field (140,000 acres):*

no government participation, the company to have the right to lease such areas as it may select; the government not to share, but in lieu thereof to be paid royalties as follows:

(a) 7½% for the first 5 years,
10% for the second 5 years,
12½% for the third 5 years,

15% for the fourth 5 years,

plus 10% of the net profits, *or*,

(b) 5% royalty throughout, plus 20% of the company's net profits.

(3) *With respect to new areas in Northwest Territories and Yukon:*

new regulations to be enacted along the following lines:

(a) Exploratory permits to be granted up to two million acres for period of three years, with right to extend for further period of three years upon permittee reducing acreage by 10% in the fourth year, 15% in the fifth year and 25% the sixth year, and during same years progressively increasing its expenditures;

(b) During the first three years permittee to spend not less than 20 cents an acre;

(c) At the end of sixth year permittee will have the right to obtain leases for any of the area up to 250,000 acres;

(d) Leases would be for 21 years, renewable for further periods of 21 years;

(e) Rental on leases, 50 cents an acre first year, $1.00 thereafter, royalties to be credited on rentals over 50 cents an acre;

(f) Certain permits and leases to be grouped for the purpose of applying credits;

(g) Royalties. Two rates were suggested:

(1) 5% for the first 5 years,

7½% for the second 5 years,

10% for the third 5 years,

12½% afterwards, *or*,

(2) 3% the first 5 years,

5% the second 5 years,

7½% the third 5 years,

10% afterwards,

plus 10% of the net profits.

(h) The leasee or permittee would be entitled to build and operate a pipeline and for the purposes thereof to use any roads and, as well, would be entitled to a free right of way for the pipeline over Crown lands. The pipeline would be operated as a common carrier.

(i) The Government will have the right to take over all or any part of the areas leased by the Company and pay the Company the value thereof at the time they were taken over. Failing an agreement as to price, compensation to be fixed by the Exchequer Court.

**908.** DEA/463-N-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs*
*to Ambassador of United States*

No. 42 Ottawa, April 28, 1944

CONFIDENTIAL

Excellency,

With reference to previous communications concerning the extension of the fuel supply for the United States Army in Alaska and Northwestern Canada, I have the honour to transmit herewith one copy of an Order in Council (P.C. 2904) passed on April 27, 1944.[1] This Order authorizes the Minister of Mines and Resources to enter into a defined agreement with the Imperial Oil Company of Canada Limited and to prepare and submit for approval new petroleum and natural gas regulations for the Northwest Territories and the Yukon Territory.

It is understood that the signature of this Order makes it possible for the United States authorities to terminate their exploratory and drilling activities in Northwestern Canada through the renegotiation of their contract with the Company in question, and that this will be done in the immediate future.

It is the intention of the Minister of Mines and Resources to make an explanatory statement in regard to these matters in the House of Commons on Monday, May 1, and I understand that the United States authorities will refrain from the publication of any pertinent material until that date.

Accept etc.

H. H. WRONG
for the Secretary of State
for External Affairs

**909.** DEA/463-N-40

***Mémorandum du secrétaire, le groupe de discussion interministériel sur les projets de défense mixtes***

***Memorandum by Secretary, Interdepartmental Panel on Joint Defence Projects***

[Ottawa,] January 25, 1945

MEMORANDUM OF A MEETING HELD AT 3:00 P.M. ON THURSDAY, JANUARY 25TH, 1945, IN MR. MACDONNELL'S OFFICE, TO REVIEW UNITED STATES PROPOSALS FOR

FURTHER DISCUSSIONS — CANOL

when the following were present: Major General Foster, Mr. Macdonnell, Group Captain Hanna, Mr. Berry,[36] Mr. Jackson, Wing Commander Cumyn.

1. The agenda proposed by the United States is attached. It would appear that the general purposes of the United States in proposing this meeting were:

(a) to set in motion joint discussions intended to lead to a reduction of United States commitments in the Northwest as soon as practicable,

(b) to ensure that the disposition of Canol receives early attention and is not left for last moment consideration on the termination of hostilities,

(c) to set in motion a preliminary survey, which by implication would be *jointly* undertaken.

2. Whereas the agenda advanced by the United States contains reference to the future of the Alaska Highway and of the airfields, it would seem probable that these are being brought into the discussions for their specific bearing on Canol, as sources of a potential demand for oil products; and that it is not the intention of the United States to discuss their future, independently of their bearing upon Canol itself.

3. It was considered probable that apart from the question of ultimate disposal of the Canol facilitites, the United States would wish to discuss the diversion of a portion of the product, during wartime, into the commercial market.

4. It was noted that the Defence Board have a virtual power of veto on dismantlement, and that the final disposal was to be made as follows:

Canol —

"At the termination of hostilities the pipeline and refinery shall be valued by two valuers, of whom one shall be named by the United States and one by Canada, with power, if they disagree, to appoint an umpire. The valuation shall be based upon the then commerical value of the pipeline and the refinery, and the Canadian Government shall be given the first option to purchase at the amount of the valuation. If the option is not exercised within three months,

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[36]J. H. Berry, président, Comité de répartition des biens de la Couronne.
J. H. Berry, Chairman, Crown Assets Allocation Committee.

they may be offered for sale by public tender, with the amount of the valuation as the reserve price. In the event that neither the Canadian Government nor any private company desires to purchase the pipeline and refinery at the agreed price, the dispostion of both facilities shall be referred to the Permanent Joint Board on Defence for consideration and recommendation. Additionally, it is proposed that both Governments agree that they will not themselves order or allow the dismantling of either the pipeline or the refinery, nor will they allow any company which purchases them so to do, unless and until approval for dismantlement is recommended by the Permanent Joint Board on Defence."

Supplementary pipelines —

"At the termination of the hostilities the two governments agree that at the request of either government discussions between them shall be undertaken with a view to reaching an agreement in regard to the disposition of this pipeline and of the storage and loading facilities at Prince Rupert. Additionally, it is proposed that both governments agree that they will not themselves order or allow the dismantlement of this pipeline or of the facilities mentioned, nor will they allow their dismantlement by any company which may purchase them unless and until approval for dismantlement is recommended by the Permanent Joint Board on Defence."

5. In due course, in preparation for the joint appraisal already agreed upon, the Canadian Government might wish to consider making one or other of the following arrangements:

(a) a study, by an interdepartmental committee of the various economic and engineering factors affecting the project and its future, or

(b) the employment of a firm of petroleum engineers to survey the economic and engineering aspects with a view to the production of factual information to serve as a basis for the determination of government policy.

6. It was considered that in any agreement resulting from these discussions, care should be taken to avoid commitments as to the basis of eventual evaluation, i.e. book value, capitalization of earning power, potential market value, etc.

7. Upon the assumption that the United States approach will be along the lines discussed above, and that the conversations will be largely of an exploratory nature, it was suggested that the attitude taken by the Canadian officials be as follows:

(a) to hear the United States proposals,

(b) to indicate that whilst Canada had not, so far, undertaken any studies on the future of Canol, the responsible officials would probably be prepared to recommend to the Government that an economic and engineering survey be made,

(c) that Canada would probably not wish to enter into any undertaking for a joint survey, but would wish to obtain the co-operation of the United States officials,

(d) that in all probability it would be the government's view that the present agreements should stand, providing for continued control and maintenance by United States authorities until the end of the war,

(e) that as regards the supplementary pipelines, namely those from Whitehorse to Fairbanks, Whitehorse to Watson Lake and Skagway to Whitehorse, it was noted that these would be the subject of discussion by both governments on the termination of hostilities, and the Canadian government would probably be content to let this arrangement stand, and would not feel that these lines should be made the subject of a separate disposal agreement ahead of the final arrangements for the main Canol undertaking,

(f) as regards the disposal of oil products to commercial users, the government would probably be prepared to consider arrangements for the distribution of surplus production to commercial users through such Canadian companies as the United States might wish to designate, but that in all probability it would be necessary to impose controls through the Oil Controller and provide for the payment of royalties and other revenue.

[P. A. CUMYN]

**910.** DEA/463-N-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] January 26,1945

CANOL DISCUSSION

The United States Government has asked for discussions to review the whole Canol situation and they are sending a delegation to Ottawa on January 29th consisting principally of War Department representatives. The talks are being kept confidential.

We do not know whether the United States have any definite proposals to make, but there are indications that they would like to withdraw from Canol and turn it over to Canada. We shall have to consider carefully whether there is any advantage in departing from the existing agreement which calls for appraisal of the pipeline and refinery after the war at their then commercial value.

[N. A. ROBERTSON]

**911.** DEA/463-N-40

*Procès-verbal d'une réunion*

*Minutes of Meeting*

[Ottawa,] January 29, 1945

1. A meeting of United States and Canadian representatives was held in Room 123, East Block, at 10 a.m., Monday, January 29, for the purpose of discussing certain modifications which the United States Government would like to make in the existing agreements covering the Canol Project. The following participated in the discussions:

*United States*

Hon. Ray Atherton, United States Ambassador to Canada
Mr. Lewis Clark, Counsellor, United States Embassy
Colonel F. J. Graling, Military Attaché, United States Embassy
Mr. J. G. Parsons, State Department
Brigadier General Stanley L. Scott, Planning Division, ASF
Brigadier General F. S. Strong, Officer Commanding, Northwest Service Command
Brigadier General Walter B. Pyron, Army-Navy Petroleum Board
Lt. Col. B. F. Hake, Fuels and Lubricants Division, OQMG
Lt. Col. C. G. Ingle, Planning Division, ASF
Major C. R. Lovitt, Northwest Service Command
Mr. Julius H. Amberg, Office of the Secretary of War
Mr. Edward B. Swanson, Petroleum Administration for War

*Canada*

Mr. N. A. Robertson, Under Secretary of State for External Affairs
Mr. J. E. Read, Legal Adviser, Department of External Affairs
Mr. R. M. Macdonnell, Department of External Affairs
Miss B. M. Bridge, Department of External Affairs
Mr. A. D. P. Heeney, Secretary, Cabinet War Commitee
Major General W. W. Foster, Special Commissioner for Defence Projects in Northwest Canada
Major General M. A. Pope, Cabinet War Committee Secretariat
Wing Commander P. A. Cumyn, Secretary, Interdepartmental Panel on Joint Defence Projects
Dr. W. C. Clark, Deputy Minister of Finance
Commander C. P. Edwards, Deputy Minister of Transport
Mr. M. C. Collins, Air Services Branch, Department of Transport
Mr. T. R. Moore, Air Services Branch, Department of Transport
Mr. J. R. Robertson, Chief Inspector of Airways, Department of Transport
Mr. J. H. Berry, Chairman, Crown Assets Allocation Committee
Mr. C. W. Jackson, Executive Assistant to the Deputy Minister of Mines and Resources
Mr. R. A. Gibson, Deputy Commissioner of the Northwest Territories
Mr. G. S. Hume, Bureau of Geology and Topography, Department of Mines and Resources
Dr. J. S. Stewart, Bureau of Geology and Topography, Department of Mines and Resources

Air Vice Marshal W. A. Curtis, Air Member for Air Staff,
Department of National Defence for Air
Group Captain W. F. Hanna, Director of Plans,
Department of National Defence for Air
Colonel J. H. Jenkins, Director of Military Operations and Plans,
Department of National Defence

2. Opening the discussion, General Scott stated that, since the disposition of the Canol Project presents so many complex problems which will be time-consuming in their solution, the United States authorities feel that it would be desirable for the two Governments to give consideration to them now rather than wait until after the termination of hostilities, as contemplated under present agreements. Specifically, the United States Government would like (1) to obtain Canada's consent to the revision of existing agreements so as to permit the modification or termination of the operation of the Canol Project in conformity with changing military requirements; (2) to begin the formulation of an agreement upon the manner of the disposition of the Canol products distribution pipelines; and (3) to secure Canadian agreement to the acceleration of appraisal of the Project.

He then outlined the provision made in the Exchange of Notes of June 27-29, 1942, with respect to the disposition of the refinery and crude oil pipeline, and in the Exchange of Notes of August 14-15, 1942, and June 7, 1944,[37] with respect to the Skagway-Whitehorse pipeline and the gasoline distribution lines to Watson Lake and Fairbanks. In connection with the latter, he said that, in its operating contract with the United States War Department, Standard Oil of California had inadvertently been given an option to buy the products and distribution pipelines within 90 days after the termination of the contract at a price and terms to be agreed upon. For another twelve months after the expiration of this 90 day period, if the United States Government should decide to sell the pipelines to a third party, Standard Oil would have the right for 30 days to buy at the same figure. Mr. Amberg explained that this clause had been embodied in the contract by an oversight and that it was not expected that Standard Oil would insist upon exercising its option, but that if they should, the United States would regard their obligation to Canada as binding. The United States Government would resist any attempt on the part of the Company to enforce the Option. In any event, Standard Oil could do no more than seek damages and these, if proved, would be the entire responsibility of the United States. The terms in the Standard Oil contract could therefore be ignored in the intergovernmental consideration of the problem of disposition of the pipelines in question, but it was felt that the Canadian authorities should know exactly how matters stood.

General Scott then went on to explain that operation of the Canol Project was very uneconomical and could be justified only by the tight world petroleum supply situation and the tanker shortage. Should either or both of these conditions improve as a result, for instance, of the termination of hostilities in

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[37]Canada, *Recueil des traités*, 1944, N° 16.
Canada, *Treaty Series*, 1944, No. 16.

Europe, the future of the Project would become a matter for immediate attention. Mr. Amberg here pointed out that the War Department appropriation for Canol will expire on June 30, 1945, and it is not impossible, in view of the changing military picture in Europe and domestic political considerations, that Congress may refuse to provide funds for its continued operation, even though existing agreements provide for operation by the United States until the cessation of hostilities, which would include the Pacific War. In view of this uncertainty as to the duration of active operation of the project, the United States authorities felt that thought should be given now to the policy to be adopted upon the termination of operations. General Scott mentioned some of the factors which would have to be considered in determining this policy, such as (1) the maintenance of the air bases in the Northwest for continental defence, for regional economic development or as part of a trans-Pacific Trunk Air System, (2) the maintenance of the Alaska Highway as a measure for continental defence and for regional economic development, (3) the economic status of the Canol Project crude oil system and pipeline system products, and (4) the post-war status of the project as a public utility under private operation, a private enterprise or as a government-owned and operated utility.

General Scott pointed out that an official inspection of the installations was a prerequisite to any attempt at appraising their value. This could be much more easily accomplished while the facilities were in operation. Furthermore, the shorter the time lag between the shut-down of operations by the United States Army and the transfer to the purchaser, the smaller would be the expense of guarding and maintenance and the physical depreciation of the facilities.

He also called attention to the fact that one of the major problems of disposition will arise from the fact that the Skagway-Whitehorse pipeline is laid on the right-of-way of the White Pass and Yukon Railway and upon the return of the road to civilian management after the war, it will constitute a serious menace to the safety of railway operations. The cost of moving the pipeline to a new location near the railway right-of-way has been estimated at approximately $2,000,000. Alternatively, it might be routed along the Haines-Kluane cut-off at a cost somewhat in excess of this amount.

As an initial step in the solution of the numerous problems involved in the disposition of the Canol Project, General Scott proposed that the two Governments should agree to the immediate appointment of appraisers to evaluate the entire project as well as each of its component parts separately.

3. Commenting upon General Scott's statement of the United States position, Mr. Robertson said that there would be little disagreement about the desirability of completing a primary official inspection of the facilities while the project was in operation. This was an essential first step and basic to the final appraisal. However, appraisal in terms of the post-war commercial value of the project, as provided by existing agreements, would appear to be quite impracticable at this time when no policy decisions have been reached with respect to the various factors, enumerated by General Scott, upon which will depend the post-war demand for the products of the system. In the absence of

guidance from the governments based upon such policy decisions, the appraisers would be set an almost impossible assignment. He felt, therefore, that the most sensible and perhaps the most ambitious course which could be recommended to the governments at this time would be to undertake a primary official inspection of the facilities and the preparation of an inventory and statement on maintenance costs and operating charges as an essential ingredient in subsequent consideration, but to leave appraisal in terms of post-war economic value until such time as government policy with respect to the future development of the Northwest has been decided.

4. In the discussion which followed, both in the general meeting and in the sub-committee delegated to give particular consideration to the question of appraisal, the United States representatives indicated that they attached a good deal of importance to the initial inspection being regarded as a first step in the process of appraisal. They felt that it was particularly desirable that the representatives appointed now to inspect the physical facilities should carry through to the final appraisal, not only because some duplication of effort might thereby be avoided but also because it would enable the governments to secure the services of representatives of higher calibre. They agreed that appraisal could not follow immediately upon the completion of the preliminary stock-taking but would have to wait until the governments had made the necessary policy decisions. The Canadian group, on the other hand, thought that inventory and appraisal could be two distinct and separate steps, with the results of the stock-taking being made available to the appraisers appointed to make the final evaluation. They pointed out, too, the physical difficulty of assigning individuals to a task such as this which might well extend over a very considerable period of time.

After the noon recess, the United States representatives presented a draft note[1] embodying the modifications in existing agreements to which the United States Government would like to have Canada's consent, namely:

(a) that the United States Government be permitted to terminate or modify operation of all facilities of the Canol Project when, in its opinion, military considerations make such a course desirable;

(b) that the products pipeline system be evaluated by the appraisers appointed for the evaluation of the crude oil system, but as an independent problem;

(c) that all the facilities of the Canol Project be valued at their commercial value as of the time of termination of operations rather than as of the time of cessation of hostilities;

(d) that the two Governments appoint representatives at an early date in order jointly to inspect the physical property, collect information and submit a preliminary report relating to evaluation as early as practicable and, if possible, prior to the termination of operations.

The Canadian representatives undertook to bring these representations immediately to the attention of the appropriate authorities of their Government

and Mr. Robertson stated that he would communicate with Mr. Atherton as soon as a decision had been reached.

6. General Strong brought up the question of the use of surplus refinery products for commercial purposes and the possible utilization of the pipelines for their distribution. It was agreed that this was a matter which would have to be taken up with the Oil Controller.

**912.** DEA/463-N-40

*Mémorandum du ministère des Affaires extérieures au Comité de guerre du Cabinet*[38]

*Memorandum from Department of External Affairs to Cabinet War Committee*[38]

[Ottawa,] February 6, 1945

APPRAISAL OF CANOL FACILITIES

At the request of the United States Government discussions took place recently with their representatives on new arrangements that might be made with regard to the winding up of Canol operations and the appraisal of the facilities. The United States wishes to terminate the operations of this extremely uneconomic project in the near future and wants to move as rapidly as possible towards solving the problem of its future disposition. Canadian officials (representing Cabinet War Committee Secretariat and the Departments of External Affairs, Transport, Mines and Resources, National Defence Army, National Defence for Air and Reconstruction) regard the United States proposals as generally acceptable. They are agreed that it is not in the Canadian interest for the Canadian Government to take over Canol at any time or to accept the responsibility for it and they are satisfied that the United States proposals do not lead in this direction. All evidence indicates that petroleum products from the Canol pipeline and refinery will for an indefinite period cost substantially more than imported products in Northwestern Canada. The current United States proposals do not call for a decision on accepting responsibility for Canol at the present time, but it would be of assistance in future negotiations if Government policy on this point were settled.

The United States proposals are four in number:

1 — *That the United States shall not be required to continue operating the pipeline and refinery until the termination of hostilities.* The existing agreement provides that the United States has the right to operate until the end of hostilities but clearly Canada would not be justified in insisting on the continuation of a highly uneconomic operation. It should be made clear,

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[38]Le Comité de guerre du Cabinet examina ce mémorandum le 7 février 1945 et fut d'accord
The War Committee considered this memorandum on February 7, 1945 and agreed "that a favourable reply be made to the U.S. Government's proposals and that an exchange of notes be approved accordingly."

however, that the United States will be responsible for any custody and maintenance which they regard as necessary after the termination of operations.

2 — *That the distribution pipelines from Skagway to Whitehorse, Whitehorse to Watson Lake and Whitehorse to Fairbanks be evaluated by the appraisers appointed for the valuation of the crude oil system but as an independent problem.* This should be satisfactory provided that the same test is applied as governs the appraisal of the crude oil system, namely, "then commercial value".

3 — *That all the facilities of the Canol project shall be valued at their commercial values as of the time or times of the completion of the appraisal with appraisal beginning upon the termination of operations and completed as soon as practicable.* It would be difficult for Canada to refuse this request. Existing agreements call for appraisal at the end of the war and these agreements were based on the assumption that operation would continue until the end of the war. Since, however, the United States are anxious to wind up the project, an insistence by Canada on waiting until the end of the war would involve the United States in the expenditure of money and manpower on maintaining and guarding property in idleness. In addition there would be very considerable deterioration of the property. Whether appraisal is undertaken in the near future or at the end of the war there is not likely to be a great difference in the figure reached for "then commercial value". It is probable that general economic conditions in the Northwest will be much the same at the end of the war as during 1945 and that appraisers would reach much the same conclusions. In any event, the Canadian Government has no obligation to purchase. Therefore there appear to be no strong grounds on which to object to the United States proposals, although in order to avoid having to begin the appraisal on short notice, it would be wise to agree to appraisal "as soon as practicable after the termination of operations." The Department of Reconstruction, as the agency likely to be responsible for providing the Canadian appraiser, is most anxious that a purely Canadian study of the economic factors involved should be begun at once so as to provide data for the Canadian appraisers.

4 — *That there should be joint inspection of the physical property with a view to collecting information and submitting a preliminary report relating to evaluation as early as practicable and if possible prior to the termination of operations.* No objection is seen to this proposal.

[R. M. MACDONNELL]

**913.** DEA/463-N-40

*Le chargé d'affaires, l'ambassade des États-Unis,*
*au premier secrétaire, le ministère des Affaires extérieures*

*Chargé d'Affaires, Embassy of United States,*
*to First Secretary, Department of External Affairs*

Ottawa, February 14, 1945

Dear Mr. Macdonnell:

With your letter of February 2, 1945,[†] you were kind enough to supply me with copies of the Minutes of the meeting which took place on Monday, January 29th, to discuss the Canol Project.

Copies of these Minutes were made available to the Army officers who participated in the discussions, and I have now been requested to suggest that the following amendments to the Minutes be made.

In paragraph five, beginning at the top of page four of the Minutes:

In the first sentence place a period after the word "consent" and strike out the word "namely" and insert:

After discussion it was decided that the United States representatives would redraft the note[†] in certain particulars and present it to the Canadian representatives. The redraft[†] thus presented embodied proposed modifications in existing agreements as follows:

Strike out subparagraphs (c) and (d) and insert in lieu thereof the following:

(c) that all the facilities of the Canol Project be valued at their commercial values as of the time or times of the completion of the appraisal, rather than as of the time of cessation of hostilities;

(d) that appraisal of the Canol Project be initiated upon the termination of operation of the project, or a major part thereof, and completed as soon as practicable, and that the two governments appoint representatives at an early date jointly to inspect the property, collect information and submit a preliminary report relating to evaluation as early as practicable, and, if possible, prior to the termination of operations.

As the revised language appears to represent more clearly what our people desired, I hope it will be possible to correct the Minutes accordingly.

Sincerely yours,

LEWIS CLARK

**914.** DEA/463-N-40

*Le sous-secrétaire d'État aux Affaires extérieures au chargé d'affaires, l'ambassade des États-Unis*

*Under-Secretary of State for External Affairs to Chargé d'Affaires, Embassy of United States*

Ottawa, February 15, 1945

Dear Mr. Clark:

Thank you for your letter of February 14 in which you suggest certain amendments in the Minutes of the Canol meeting held on January 29th. These are quite acceptable to us and I have had a substitute page 4 struck off embodying them. I am enclosing twelve copies of this amended sheet[1] for circulation to the United States participants in the meeting.

Yours sincerely,

R. M. MACDONNELL
for the Under-Secretary of State
for External Affairs.

**915.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

TOP SECRET Ottawa, March 14, 1945

CABINET WAR COMMITTEE

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*Canada-U.S. Defence Projects; Canol; Termination of Operation and Appraisal*

3. THE SECRETARY pointed out that the U.S. government had announced their intention of terminating the operation of Canol by June 30th next.

Under the recent exchange of notes,[39] a joint survey of the project was to be made while the facilities remained in operation and U.S. authorities now desired to institute joint appraisal procedure as soon as possible. It would be recalled that, under the original agreement, the Canadian government held an option to purchase the property at the appraised commercial value.

An explanatory note had been circulated.

(Secretary's memorandum, March 13, 1945 — C.W.C. document 952).[1]

4. THE WAR COMMITTEE, after considerable discussion, agreed:

(a) that U.S. authorities concerned be told, informally, that the Canadian government had no intention of exercising their option to purchase Canol,

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[39]Canada, *Recueil des traités*, 1945, N° 3.
Canada, *Treaty Series*, 1945, No. 3.

whatever valuation were fixed thereon by appraisal, and were, therefore, prepared to waive their option under the original agreement; and,

(b) that, if, nevertheless, the U.S. government desired to proceed with joint appraisal proceedings, the government agree thereto and appoint Arthur Surveyer and Company of Montreal to be the Canadian appraiser, to be assisted by such government officials as might be required for the purpose.

. . .

**916.** DEA/463-N-40

*Mémorandum au sous-secrétaire d'État aux Affaires extérieures*
*Memorandum to Under-Secretary of State for External Affairs*

[Ottawa,] August 17, 1945

RESUMPTION OF CANOL DISCUSSIONS

1. Following your intimation to Mr. Atherton on March 17 that the Canadian Government had no intention of purchasing the Canol facilities and was therefore prepared to waive its option under the original agreement, the question of disposition seems to have been left in abeyance until Washington decided which agency of the United States Government would be assigned responsibility for disposal of the project. Eventually, at the end of June, the United States Government through the Embassy here presented a draft note† which would provide:

(a) that the Canadian Government waive its right to purchase the crude oil facilities;

(b) that it is therefore considered unnecessary to proceed with the joint evaluation;

(c) that the Canadian Government agree to abandon the fixing of a reserve price (which follows logically from abandonment of the joint evaluation), so that the United States Government could sell the facilities as a going concern for operation *in situ* at whatever price it regards as reasonable.

On July 14th Mr. English[40] was informed that these proposals were acceptable to the Canadian Government and handed a revised draft† which was designed merely to improve the language and clarify the intention of the original United States draft without making any change in substance.

2. On July 31, Mr. Lewis Clark submitted a memorandum† suggesting a new approach which would provide for the inclusion in the proposed exchange of notes of:

(a) provision for the sale of Canol for operation in place;

(b) provision for dismantlement and sale for use elsewhere in Canada in the event that there is no bid to purchase for operation in place;

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[40]Robert English, deuxième secrétaire, ambassade des États-Unis.
Robert English, Second Secretary, Embassy of the United States.

(c) provision for sale and dismantlement for use outside Canada if alternative (b) should also prove unfeasible.

The memorandum noted that it might be found desirable to separate disposition of the refinery from disposition of the Whitehorse-Norman Wells pipeline, in which case disposition of the pipeline could be discussed at a later date. Pointing out that the matter has now become one of considerable urgency in Washington, Mr. Clark said that, if the Canadian Government should be prepared to exchange notes along the above lines, a delegation would be sent from Washington immediately to resume discussions and draft a new agreement.

3. The United States proposals were referred to the Minister of Reconstruction, the Deputy Minister of Mines and Resources, and the Chairman of the Crown Assets Allocation Committee, and, in the hope of avoiding a further series of discussions on Canol, Mr. Macdonnell in transmitting the U.S. proposals suggested that it might be advisable to have the proposed new agreement also provide for the method of disposition in the event that no bidders appeared under any of the three alternatives set out above. Mr. Howe (whose letter† is, I understand, an expression of the views of Mr. Berry of Crown Assets) and Dr. Camsell have now replied, agreeing to the proposed exchange of notes but offering no suggestions as to the method of disposition should all three alternatives prove unworkable.

4. Under the circumstances, I have drafted for your consideration a letter to Mr. Clark, indicating that we have no objection to the conclusion of a new agreement and shall be prepared to discuss the matter with their representatives at any time.

[MARY BRIDGE]

**917.** DEA/463-N-40

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires, l'ambassade des États-Unis*

*Secretary of State for External Affairs to Chargé d'Affaires, Embassy of United States*

No. 83 Ottawa, August 31, 1945

Sir:

Under the exchange of notes of June 27-29, 1942, the Canadian Government acquired an option to purchase the facilities of the crude oil pipeline from Norman Wells to Whitehorse and the refinery at Whitehorse at a valuation based upon the commercial value of the pipeline and refinery as agreed by valuers named by Canada and the United States. Under the exchange of notes of February 26, 1945, it was agreed that the valuation should take place within a reasonable time following notice of the termination of operation of the project or a major part thereof.

The Canadian Government has decided not to exercise the option referred to in the preceding paragraph and desires to inform the Government of the United States that it is now willing to waive that option. Under these circumstances it believes that the interest of neither country would be served by proceeding with former plans for joint valuation and that these should therefore be abandoned.

The exchange of notes of June 27-29, 1942, provided that if the Canadian Government did not exercise its option, now waived, to purchase the crude oil facilities within three months, they might be offered for sale by public tender with the amount of the valuation as the reserve price. In view of the desire of the Canadian Government not to proceed with joint valuation of the project, the Canadian Government likewise waives the provision above referred to whereby the facilities must be offered at the reserved price.

It is understood that the United States Government will at a later date submit to the Canadian Government plans for the disposition of the Canol facilities.

The Canadian Government hopes that the waivers of its rights as set forth above will be acceptable to the Government of the United States and will facilitate disposition of the Canol facilities.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs.

**918.** DEA/463-N-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 366 Ottawa, September 6, 1945

Sir:

I have the honor to acknowledge the receipt of your note No. 83 of August 31, 1945, regarding the crude oil facilities of the Canol Project, and to confirm the understanding that the Government of the United States will at a later date submit to the Canadian Government plans for the disposition of the Canol facilities.

Accept etc.

RAY ATHERTON

**919.** DEA/463-N-40

*Mémorandum du premier secrétaire, le ministère des Affaires extérieures*
*Memorandum by First Secretary, Department of External Affairs*

[Ottawa,] November 12, 1945

Mr. Clark of the United States Embassy called on November 9th to say that the War Department was anxious to dispose of the Canol facilities at Prince Rupert. These were constructed under authority of an exchange of notes of August 14th and 15th, 1942. Permission was given to build suitable storage and loading facilities and it was provided that the two governments would discuss disposition at the termination of hostilities. It was further provided that dismantling would not be allowed unless approved by the Permanent Joint Board on Defence.

The War Department is thinking of proposing that the storage and loading facilities at Prince Rupert be dealt with under the 33rd recommendation.[41] Mr. Clark was asked to ascertain whether such a proposal would be likely to receive favourable consideration. the facilities appear to consist of a dock, a small warehouse, certain pumping equipment and some pipe. According to reports from the Special Commissioner's Office, the tanks which were originally constructed have been removed.

I discussed this with Wing Commander Cameron and with Mr. E.E. Thompson of Crown Assets Allocation Committee. The general view was that we should agree to this proposal, particularly since the United States was taking a generous line in turning over equipment on the Alaska Highway and the landline. Any movable items would, of course, involve the Canadian Government in no expense and it seemed reasonable to lump the immovable items with the large number of other such facilities in the Prince Rupert area. Mr. Clark indicated that the United States was not trying to secure much in the way of a monetary return but was primarily interested in getting these facilities off its hands.

I therefore told Mr. Clark that if a proposal were made to us in the sense that he had outlined, it would be likely to have a favourable reception. On the question of securing the approval of the Permanent Joint Board on Defence to dismantle them, there is no doubt that the Board would agree. Another, and simpler, method of dealing with this suggested by the State Department, is that a new exchange of notes should override the previous one and eliminate the Board's veto power.[42]

[R. M. MACDONNELL]

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[41]Voir le document 894./See Document 894.

[42]Il y eut un Échange de notes à Ottawa le 21 décembre 1945 et le 3 janvier 1946. Canada, *Recueil des traités*, 1946, N° 1.
Notes were exchanged at Ottawa on December 21, 1945 and January 3, 1946. Canada, *Treaty Series*, 1946, No. 1.

## SECTION D

### AUTOROUTE DE L'ALASKA
### ALASKA HIGHWAY

**920.** W.L.M.K./Vol. 318

*Extrait du compte rendu des débats et des décisions de la Commission permanente canado-américaine de défense*

*Extract from Journal of Discussions and Decisions of Permanent Joint Board on Defence*

[Montreal, c. September 7, 1944]

MEETING OF THE BOARD, MONTREAL, SEPTEMBER 6-7, 1944

. . .

8. General Henry informed the Board that in the view of the War Department the Alaska Highway will be utilized in the future to a lesser extent by the United States, due to curtailment of activities in Northwest Canada. He informed the Board that it would appear desirable to transfer to the Canadian Government the responsibility for administration and maintenance of so much of the Highway as lies within Canada. He stated that the United States Government, having in mind the terms of the original agreement of March 17, 1942,[43] would be prepared to agree, if so desired by the Canadian Government, to share in the financial responsibility for maintenance operations until six months after the cessation of the present war. The Acting Chairman of the Canadian Section pointed out certain difficulties which would confront the Canadian Government in accepting this proposal. The problem was one which would require study by the Canadian Government and it appeared impracticable for the Board to make a recommendation at its present meeting. After discussion, the Board took note of the United States proposal and the Canadian Section undertook to consider it before the time of the next meeting.

. . .

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[43]Canada, *Recueil des traités*, 1942, N° 13.
Canada, *Treaty Series*, 1942, No. 13.

**921.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] September 27, 1944

. . .

CANADA-U.S. JOINT DEFENCE CONSTRUCTION PROJECTS; MAINTENANCE OF ALASKA HIGHWAY

25. THE SECRETARY, referring to the discussion at the meeting of December 16th, 1943, submitted a report from the Joint Defence Construction Projects Panel upon future maintenance of the Alaska Highway. Copies of the Panel's report had been circulated; also an explanatory memorandum.

The cost of maintenance for the intial year was estimated at $4½ million and for subsequent years at $1½ million.

Maintenance could be undertaken either by the Department of Mines and Resources or by the Department of National Defence (Royal Canadian Engineers). In spite of uncertainty as to the future value of the highway, it would be difficult for Canada to refuse to assume responsibility for maintenance, a course which would, as well, be in keeping with Canadian policy of facilitating U.S. withdrawal from defence projects in the Canadian Northwest.

Through the Canada-U.S. Permanent Joint Board on Defence, the United States had now proposed that Canada assume responsibility for maintenance and operation at an early date, costs to be borne by the U.S. government, if the Canadian government so desired, until six months after the termination of the war.

The U.S. government had abandoned the Haines out-off road without approval of the Canadian government.

(Joint Defence Construction Projects Panel report to War Committee, Sept. 1, 1944 — C.W.C. document 850;† also memorandum, Sept. 18, 1944 — C.W.C. document 861).†

26. THE MINISTER OF MINES AND RESOURCES expressed the opinion that it would not be prudent for the government to assume responsibility for maintenance at this stage. The postwar value of the highway had not yet been established, although there was little likelihood that it would be important either for tourist or commercial purposes. If and when Canada did assume responsibility, Mines and Resources should do the job.

27. THE MINISTER OF MUNITIONS AND SUPPLY expressed the view that the road would always be necessary to supply the airfields on the Northwest Staging Route, which would probably continue to be the main air route to Asia.

28. MR. HEENEY drew attention to problems of police, health and educational services along the highway. The local residents were now, in large majority, Canadian and these problems were becoming acute with the gradual

withdrawal of the U.S. forces from the Northwest. The Special Commissioner had suggested that he be authorized to discuss them with the Prime Minister of British Columbia.

29. THE WAR COMMITTEE, after discussion, agreed:

(a) that the U.S. government be informed that the Canadian government were not prepared, at present, to assume responsibility for the maintenance of the Alaska Highway;

(b) that the attention of the U.S. government be drawn to their abandonment of the Haines cut-off without the consent of the Canadian government; and,

(c) that the Special Commissioner for Defence Projects in Northwest Canada be directed to consult the Premier of British Columbia with respect to provision of local services in the vicinity of the Highway.

. . .

**922.** DEA/463-AB-40

*Le représentant principal de l'armée américaine, CPCAD, au président par intérim, la section canadienne, CPCAD*

*Senior United States Army Member, PJBD, to Acting Chairman, Canadian Section, PJBD*

Washington, October 7, 1944

Dear Mr. Keenleyside:

At the last meeting of the Permanent Joint Board, you requested information as to whether or not United States was maintaining the Haines-Kluane Highway. The following is the reply which I have received from the War Department in this matter:

"The United States Government has not abandoned the Haines-Kluane Highway and has provided minimum maintenance for it. This Highway is considered by the War Department to be an integral part of the Alaskan Highway and, therefore, should be included in the recommendation of the Permanent Joint Board on Defence, Canada-United States, that the Canadians take over maintenance of that portion of it which lies in Canada, as soon as necessary arrangements can be consummated."

I have recently had a talk with General F. S. Strong, Commanding General, Northwest Service Command, and he tells me that the Highway in question is in quite good condition except for one slide near the Alaskan border, that it is impracticable to do anything with this slide before spring, at which time if this is opened up and a crew sent over the Highway to repair the minor damage which will probably take place during the spring thaw, the highway would again be in quite good condition.

GUY V. HENRY
Major General, U.S. Army

**923.** DEA/463-AB-40

*Mémorandum du secrétaire, le Comité de guerre du Cabinet au président par intérim, le section canadienne, CPCAD*

*Memorandum from Secretary, Cabinet War Committee, to Acting Chairman, Canadian Section, PJBD*

Ottawa, October 10, 1944

I have read General Henry's note to you of October 7th in regard to the maintenance of the Haines-Kluane Highway.

There is an implication in the War Department's reply that the Permanent Joint Board on Defence have agreed to recommend that Canada take over maintenance of the Alaska Highway. I presume that you will clarify the position at the next meeting of the Board.

General Foster has informed me that there has been considerable local agitation to keep the Haines-Kluane Highway open and it seems to me quite possible that the original intention to abandon this section, as locally reported, has been reconsidered.

A. D. P. HEENEY

**924.** DEA/463-AF-40

*Le sous-secrétaire d'État aux Affaires extérieures au ministre de la Reconstruction*

*Under-Secretary of State for External Affairs to Minister of Reconstruction*

Ottawa, September 10, 1945

Dear Mr. Howe:

As you know the United States authorities have been anxious for some considerable time to be allowed to withdraw from the Alaska Highway. With the termination of hostilities in the Pacific, this desire to be relieved of responsibility has increased and the question was raised at the meeting of the Permanent Joint Board on Defence, which took place on September 4. The following is an extract from the Journal of the Board:

"At the request of General Henry the Board considered various questions regarding the dates on which United States responsibility for maintenance of the Alaska Highway and other defence projects in Canada should terminate. It was agreed that, with respect to the Alaska Highway, the Canadian Section should bring to the attention of the Canadian Government the fact that the United States authorities wish to know as soon as possible when it would be agreeable to Canada for the United States to withdraw therefrom. The Canadian Section would endeavour to obtain a decision on this point and communicate it to the United States Section."

We can expect the United States Government to follow this matter closely and to continue to press for Canadian permission to withdraw from the Highway. It would seem desirable to reach a decision at an early date. The next meeting of the Board is on November 7 and it will place the Canadian Section in a somewhat difficult position if by that time they cannot give some indication of the views of the Canadian Government.

Copies of this letter are being sent to Mr. Heeney and Dr. Camsell.[44]

Yours sincerely,

N. A. ROBERTSON

**925.** DEA/463-AF-40

*Le ministre de la Reconstruction*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction*
*to Under-Secretary of State for External Affairs*

Ottawa, September 12, 1945

Dear Mr. Robertson:

Thanks for your letter of the 10th instant regarding United States withdrawal from the Alaska Highway project.

Now that the war is ended, it seems to me that we cannot object to United States withdrawal from this project, provided the work of the current season is completed. Obviously, we cannot take over the work under present day conditions.

During the coming winter, the Government must decide whether the Alaska Highway will be maintained permanently or whether it will be abandoned. This would seem to be a Canadian decision, in which the United States will have no voice. There is also the matter of a decision as to the auspices under which future maintenance will be carried on, assuming that the Highway is not to be abandoned.

It seems to me that this matter should be placed before Council for decision, in order that the Permanent Joint Board may be advised of the Canadian attitude prior to its meeting on November 7th.

Yours sincerely,

C. D. HOWE

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[44]Charles Camsell, sous-ministre des Mines et des Resources.
Charles Camsell, Deputy Minister of Mines and Resources.

**926.** DEA/463-AF-40

*Le sous-ministre des Mines et des Ressources au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Mines and Resources to Under-Secretary of State for External Affairs*

Ottawa, September 14,1945

Dear Mr. Robertson,—

I have received the copy of your letter to the Honourable C. D. Howe respecting the withdrawal of the United States from the Alaska Highway and I have prepared a memo on the subject for my Minister's information. A copy of this is enclosed.†

My own view is that the United States should be permitted to withdraw as soon as we are prepared to take over, say by November 1st. Also that we advise United States authorities we will take the responsibility of seeing that the road is maintained in order to take care in a reasonable way for any traffic that may develop.

Yours sincerely,
CHARLES CAMSELL

**927.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] October 17, 1945

. . .

CANADA-U.S. DEFENCE PROJECTS;
ALASKA HIGHWAY; MAINTENANCE

9. THE SECRETARY submitted a second report from the Joint Defence Construction Projects Panel concerning maintenance of the Alaska Highway upon withdrawal of the United States.

The U.S. government were pressing for an indication as to when it would be agreeable to Canada for them to relinquish responsibility for maintenance of the highway and the question would come up at the forthcoming meeting of the Pemanent Joint Board on Defence.

The departments concerned, acting through the Panel pointed out the Highway was essential to the maintenance of the aerodromes on the Northwest Staging and had both strategic and potential economic value.

Estimated annual maintenance cost was from $2 to $2.2 million, including operation of vehicle repair shops. Operations were so organized by the United States that a transfer could be carried out by appointing supervisory staff only and arranging details of finance and supply subsequently. Some 350 personnel

were now employed in highway maintenance and vehicle repair. Of these the majority were Canadians.

The Panel's report concluded by recommending that Canada assume responsibility for maintenance from April 1st, 1946, the present standard being taken as a minimum and that the responsible agency (Army or Mines and Resources) be nominated at once so that plans might go forward immediately.

Copies of the Panel's report had been circulated.

(J.D.C.P.P. Report, Oct. 9, 1945 — Cabinet Document 83).†

10. MR. HEENEY pointed out that supplementary memoranda had been circulated from the Departments of Mines and Resources and National Defence setting out, respectively, the suitability of each for undertaking responsibility for the maintenance of the Highway.

(Mines and Resources memorandum, Oct. 12, and National Defence memorandum, undated, — Cabinet Document 85).†

11. THE CABINET, after discussion, agreed:

(a) that the U.S. government be informed that it would be agreeable to Canada for the United States to withdraw from the Alaska Highway on April 1st, 1946;

(b) that, upon withdrawal of the United States and pending further clarification of the eventual strategic importance of defence facilities in the Northwest the Department of National Defence (Army) assume responsibility for maintenance of the Highway and for operation of vehicle repair shops until such time as a decision could be taken to have responsibility assumed by civil authority (the Department of Mines and Resources);

(c) that the Army confer with the Air Force in order that personnel engaged on maintenance of the Highway might undertake appropriate maintenance operations in connection with the landlines to be operated by the R.C.A.F.; and,

(d) that the Department of Mines and Resources prepare plans for the eventual assumption of civil responsibility for maintenance of the Highway in co-operation with the Provinces of Alberta and British Columbia.

. . .

**928.** DEA/463-40

*Le secrétaire, la section canadienne, CPCAD,*
*au secrétaire, la section américaine, CPCAD*

*Secretary, Canadian Secton, PJBD,*
*to Secretary, American Section, PJBD*

CONFIDENTIAL [Ottawa], October 19, 1945

Dear Mr.Hickerson,

At the meeting of the Board on September 4 it was agreed that with respect to the Alaska Highway the Canadian Section should bring to the attention of

the Canadian Government the fact that United States authorities wish to know as soon as possible when it would be agreeable to Canada for the United States to withdraw therefrom.

I am to inform you that the Canadian Government, having considered this question, are agreeable to the United States withdrawing from the Alaska Highway on April 1, 1946. Pending further clarification of the eventual strategic importance of defence facilities in the Northwest and until the desirability has been reviewed of having responsibility assumed by civil authority, the Canadian Army will assume responsibility for maintenance of the Highway.

I would ask that this information be treated as confidential until a public announcement is made. This will probably take the form of a statement in the House of Commons,[45] about which I shall communicate with your later.

Yours sincerely,

R. M. MACDONNELL

## SECTION E

## ARRANGEMENTS CONCERNANT LE SERVICE MILITAIRE DANS L'AVIATION
## MILITARY AIR SERVICE ARRANGEMENTS

**929.** DEA/72-SH-40

*Mémorandum du ministère des Affaires extérieures à l'ambassade des États-Unis*

*Memorandum by Department of External Affairs to Embassy of United States*

CONFIDENTIAL [Ottawa,] March 17, 1944

### MEMORANDUM FROM THE DEPARTMENT OF EXTERNAL AFFAIRS TO THE UNITED STATES EMBASSY IN OTTAWA CONCERNING THE PROPOSED OVER-ALL AGREEMENT ON THE OPERATION OF AIR SERVICES BY OR ON BEHALF OF THE ARMED FORCES OF CANADA AND THE UNITED STATES

1. The United States draft of the proposed overall agreement contained in the memorandum left with the Department of External Affairs on November 24, 1943,[46] has been considered by the interested departments of the Canadian Government. The suggestions of these departments have been incorporated in the revised draft, dated March 15, 1944,† which is attached to this memorandum. The changes contained in the revised draft are discussed briefly in the following paragraphs.

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[45]Le 24 octobre 1945. Canada, Chambre des communes, *Débats*, 1945, deuxième session, volume II, pp. 1474-76.
October 24, 1945. Canada, House of Commons, *Debates*, 1945, Second Session, Volume II, pp. 1438-39.

[46]Volume 9, document 1237./Volume 9, Document 1237.

2. Since it is possible that the army or navy of Canada might operate aircraft or have aircraft operated on their behalf it is suggested that the words "Armed Forces of Canada" be substituted for "Royal Canadian Air Force" wherever they occur in the proposed agreement.

3. The United States draft refers in paragraphs I, II, V and VI to aircraft operated by "American civilian personnel" or "Canadian civilian personnel". In order to make it unnecessary for the contract operators to employ only United States or Canadian citizens it would appear desirable that the words "American" and "Canadian" be deleted before the words "civilian personnel" in paragraphs I, II, V and VI.

4. A proviso has been added to paragraphs I and II making it clear that civilian services under contract with the armed forces would be restricted to the routes set forth in Part One A and Part Two A and shall not fly over military routes set forth in Part One B and Part Two B.

5. It is proposed that the definition of United States territory be broadened to include Hawaii, since the shifting of air operations to the Pacific at the conclusion of hostilities in Europe may raise practical problems concerning military air routes across the Pacific.

6. Paragraphs III and IV have been expanded to include an undertaking by both Governments to give prompt and sympathetic consideration to requests for additional routes required by changing war conditions.

7. PARAGRAPHS V AND VI — The desire of both governments is to render it impossible for the contract operators to publicize their identity. The United States Government suggests that this be done by forcing on them the complete anonymity that goes with being an integral part of the Armed Forces of the United States. To accomplish this the United States has included the following provision in the draft agreement:

"Neither the aircraft nor the civilian personnel engaged in the operation or maintenance thereof shall bear or display any identifying markings or insignia advertising or publicizing the name of any commercial airline company."

The Canadian Government suggests that the following words be added after "operation or maintenance thereof", "nor any office or other building used by the aircraft or the civilian personnel."

8. PARAGRAPH VII — The Canadian draft of the proposed overall agreement contained in the memorandum of March 16, 1943,[47] distinguished between aircraft operated by the Armed Forces of either country and aircraft operated on behalf of the Armed Forces by a commercial airline company. The second paragraph of the United States memorandum states that it is United States policy to consider these as one integrated air service with no distinction between the air services operated by civilian and military personnel. The intention of the United States draft of the proposed agreement may be that aircraft operated by commercial companies on behalf of the Armed Forces be included in the phrase "aircraft of the Armed Forces of the United States," but

[47]Volume 9, document 1226./Volume 9, Document 1226.

the wording of the draft agreement does not bear this out. Paragraph V of the United States draft specifically refers to "aircraft operated on behalf of the United States Armed Forces by American civilian personnel." It must therefore be assumed that other references in the draft to "aircraft of the Armed Forces of the United States" do not include aircraft of commercial companies. The result is that there is no restriction on commercial companies carrying passengers, goods or mail for reward or hire (see Paragraph VII which applies only to aircraft of Armed Forces). The other conditions imposed by the Canadian draft of the agreement on commercial aircraft are specifically covered by the United States note. (Paragraph V provides that they must conform to regulations, paragraph III, para. 2 restricts them from flying new routes, and paragraph V provides a sort of militarization by prohibiting commercial insignia.) This omission could be remedied by inserting in paragraph VII "operated by or on behalf of" after "aircraft" in two places in the first sentence of paragraph VII.

9. PARAGRAPH VIII — of the United States draft provides that the overall agreement is not applicable to commercial air services conducted by a commercial airline company over a route for which it holds a certificate, license or permit issued by the competent aeronautical authorities of the respective governments. In order that there may be no possibility of misunderstanding, it might be useful if the United States were to set forth in a reply to this memorandum those routes over the territory of Canada on which a United States company is operating both a commercial service under license or permit from the Canadian government and a service under contract to the Armed Forces of the United States.

10. PARAGRAPH IX provides generally that the overall agreement supersedes all previous documents which are inconsistent. The United States Government believes that in this instance general language is preferable to a specific enumeration because of the possibility of omitting from the enumeration some of the documents or parts thereof which relate to air transport and ferry services. While this point is well-taken, it would nevertheless be useful if the two governments could agree on at least a provisional list of the agreements which are being superseded by this overall agreement, which could be added to from time to time by agreement between the two governments until it is complete. The list tentatively suggested by the Canadian Government reads as follows:

(a) The exchange of notes of July 12, 13, 18, 30 and August 9, 1940,[†] giving blanket permission for military aircraft of the United States to make flights over specified portions of Canadian territory;

(b) The exchanges of notes of December 16, 1940, March 27, 1941, and April 18, 1941,[†] so far as these notes relate to aircraft;

(c) The communication of January 31, 1942,[†] from the Canadian Secretary of the Permanent Joint Board on Defence to the United States Secretary of the Board concerning Northeast Airlines;

(d) The letter of March 7, 1942, from the Honourable C. D. Howe to Brigadier General Robert E. Olds;[48]

(e) The exchange of notes of April 16, and April 23, 1942,† concerning American Airlines;

(f) The exchange of notes of August 13 and August 18, 1943,† concerning an aircraft ferry service between Columbus, Ohio, and Montreal;

(g) The exchange of notes of December 8, 1943 and December 10, 1943,† concerning an aircraft ferry service between Fort William and Minneapolis.

The Canadian Government suggests that the following be added to Article IX:

"and these understandings shall not be deemed to be revived on termination of this agreement."

**930.** DEA/72-SH-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-2525 Ottawa, June 16, 1944

Your WA-3622 of June 14.† Proposed agreement regarding military aviation.

Our records do not show why item (b) of paragraph 10 was included as an agreement to be superseded. Perhaps Reid can throw some light on this.

In the absence of any historical arguments we agree with the State Department that the exchange of notes providing for local notification of visits of service aircraft should be retained as it provides a quick and simple procedure which is of advantage to both countries. If it were superseded by the proposed agreement on transport services a vacuum would be left and visits would presumably have to be cleared through the diplomatic channel or take place without any legal basis. We are satisfied that the agreement on transport services is drafted in such a way as to prevent any possible (and unlikely) attempt on the part of the United States to establish a transport service through repeated use of local notification. Therefore we concur in the deletion of item (b) from the list of agreements to be regarded as supeseded.

[48]Volume 9, document 1206./Volume 9, Document 1206.

**931.** DEA/72-SH-40

*Le chargé d'affaires aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-4595 Washington, August 3, 1944

CONFIDENTIAL. My WA-4306 of July 20th.[1] Proposed Agreement regarding Military Air Transport Services.

1. At the request of the State Department, Reid took part in discussions at the State Department this morning with Parsons and Walstrom, the Assistant Chief of the Aviation Division. Before giving a formal reply through their Embassy in Ottawa to our Draft of March 15th,[1] the State Department desired to take up with us informally their proposals for revision of the March 15th Draft.

2. They proposed the substitution of the following for Article VII of our Draft:

"No passengers, goods or mail originating at or destined to points in Canada shall be carried for reward or hire on any aircraft operated by or on behalf of the armed forces of the United States into, through or away from Canada pursuant to the provisions of Articles I and III of this Agreement. Similarly, no passengers, goods or mail originating at or destined to points in the United States, including Alaska and Hawaii, shall be carried for reward or hire on any aircraft operated by the armed forces of Canada into, through or away from the United States, including Alaska and Hawaii, pursuant to the provisions of Articles II and IV of this Agreement. The traffic of the aircraft referred to in this Article which may be carried shall be limited to passengers, goods or mail, the transportation of which is important in furtherance of the prosecution of the war."

3. The United States officials explained that the reason for this proposed change was to make it possible for United States aircraft flying over Canada to or from the United Kingdom to fill up any empty spaces with fare-paying passengers. They thought it probable that there would in the near future be a considerable demand for passage across the Atlantic from civilians who would not be entitled to free transportation on Air Transport Command planes at the expense of the United States Government and for whom there would not be enough room on the commercial services of American Export and Pan American. They therefore want to be able to carry them on Air Transport Command planes. Walstrom thought that this would put the United States on a position of equality with the United Kingdom and would provide for a more flexible and more economical operation.

4. Reid said that he would transmit this suggestion to the Canadian Government, but that his personal opinion was that it would be undesirable to propose the inclusion of such an article in the Agreement. The Agreement had

been proposed by Canada sixteen months ago as a clarification and consolidation of existing agreements, and as an extension of those agreements to cover operations being conducted by the United States without authority from Canada. The United States proposal raised the entirely new and broad issue of whether Air Transport Command planes should carry fare-paying passengers. He thought that the raising of such an issue would hold up the conclusion of the Agreement which had already been held up too long. Moreover, permission by Canada for United States Transport Command planes to carry fare-paying passengers over Canada en route to the United Kingdom would be of no value to the United States unless the United States secured permission from the United Kingdom to take on and discharge such fare-paying passengers in the United Kingdom, and it would therefore be reasonable for Canada to withhold its reply until the United States had secured approval from the United Kingdom. Certainly since the United Kingdom would be directly concerned in the proposal, the Canadian Government would feel bound to consult it before replying to the United States.

5. Reid said that he himself thought that it might be necessary for the nations concerned to come to some agreement under which the Air Transport Command planes of the several nations could carry fare-paying passengers, since otherwise it might not be possible to provide the air services which would be required for civilians during the period between the conclusion of hostilities in Europe and the setting up of regular international air transport operations. This was, however, a very large question which, in his opinion, should be settled as a matter entirely separate from the conclusion of the Canada-United States Military Air Transport Agreement and preferably on a multilateral basis.

6. The American officials replied that since the United States was contemplating securing permission for its Air Transport Command services to carry fare-paying passengers, they would not want to enter into an agreement with Canada which specifically forbade them from carrying such passengers.

7. Reid replied that perhaps this point might be met if the United States in their reply to the Canadian note proposing the Agreement were to include a paragraph reading somewhat as follows:

"The Government of the United States believes that, in the light of existing circumstances and of developments which are likely to take place in the near future, it would be desirable if Air Transport Command aircraft on services other than those between Canada and the United States, including Alaska and Hawaii, should be permitted to carry fare-paying passengers. While accepting Article VII of the Agreement, in its present form, the Government of the United States desires to inform the Canadian Government that it intends shortly to propose to Canada, and to the other Governments concerned, that this be permitted."

8. Parsons, making it clear that he was acting under instructions from Mr. Berle, said that they might want to include a sentence saying that they did not recognize the principle that intermediate states should have the right to control air traffic which flies over their territory. Reid said he felt that if they were to make any such statement, it would be necessary for Canada in its reply to set

forth at some length its views on international air transport policy, and particularly its belief that while it was desirable that nations should not be permitted to exercise in an anti-social way their present right to control air transit over their territories, it was equally desirable that nations should not be permitted to exercise in an anti-social way their present right to refuse commercial outlet. The abuse of the one right might, in Dr. Warner's language, be an outrageous exploitation of geography, but the abuse of the other right might be an equally outrageous exploitation of economic strength.

9. The only other amendment of consequence proposed by the United States is that the words "American or Canadian" be inserted before "civilian personnel" in Articles I and II. Clearly what they want to avoid is that an R.C.A.F. plane should be a disguised R.A.F. plane. Reid said that he could see objections in this proposal since it would mean that, if an R.C.A.F. transport squadron were transferred to operations into or over the United States, any of its personnel who were neither American nor Canadian citizens would have to be transferred out of the squadron.

10. He was confidentially informed that neither this amendment nor the one concerning Article VII had originated in the State Department. They had not indeed been contemplated until one of the other interested departments brought them forward a month ago.

11. The United States proposes the following drafting amendments:

(1) *Articles V and VI*

Insert in parenthesis after "civilian personnel" in the third to last line "unless also used by such civilian contractor in conjunction with authorized civil air transport services."

(2) *Article VIII*

Insert after "combat type aircraft" the words "or to occasional flights of transport type aircraft." The United States felt that the Article as at present framed might be inconsistent with the exchanges of notes of December 16, 1940 and March 27 and April 18, 1941, and might interfere with the occasional flights of R.C.A.F. transport planes, for example, between Ottawa and Washington.

12. I should be grateful if you would let me have your views on the amendments which have been proposed by the United States. Ends.

**932.** DEA/72-SH-40

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires aux États-Unis*

*Secretary of State for External Affairs*
*to Chargé d'Affaires in United States*

TELETYPE EX-3464 Ottawa, August 19, 1944

SECRET. Your WA-4595 of August 3 concerning the State Department's proposed revisions of the draft agreement on military air transport services.

Our views on the three main points raised by the State Department are as follows:

(a) Planes of the United States armed forces to be allowed to carry fare-paying passengers to points beyond Canada. This is a development which may well come about. Indeed it is possible that at a later date we may wish to propose to the United States that military air transport services be allowed to carry revenue loads. However, it is undesirable to prepare for such a development in an agreement which is for the most part intended to record and stabilize the present practice. Should there be a change in this direction a number of wartime agreements would have to be amended and we see no disadvantage in having a single agreement requiring amendment. We therefore regard it as preferable to omit any reference to this point in the present agreement. If the United States is insistent we would be prepared to deal with the matter along the lines suggested in paragraph 7 of your message under reference.

(b) Rights of intermediate states to control traffic over their territory. This is a large and controversial point. It will undoubtedly have to be discussed in the forthcoming conversations on aviation, but in our view it has no place in a limited agreement of this sort. You should therefore try to persuade the United States from pressing for its inclusion. It may be that they have achieved their aim for the moment by bringing the matter to our attention. The Department of Transport suggests that the word "control" as used here may mean the right of the intermediate state to control the nature of the traffic flying over it, i.e. the right to say whether military planes flying over the intermediate state may or may not carry fare-paying passengers. In your discussions with the State Department they may make their views clearer.

(c) Restrictions of the agreement as far as contract services are concerned to planes operated by American or Canadian civilian personnel. This is a matter on which the views of the R.C.A.F. should prevail and we have not yet heard from them. We will let you know as soon as possible.

The minor drafting amendments in paragraph 11 of your message under reference are satisfactory.

**933.** DEA/72-SH-40

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires aux États-Unis*

*Secretary of State for External Affairs to Chargé d'Affaires in United States*

TELETYPE EX-3596 Ottawa, August 28, 1944

SECRET. My EX-3464 of August 19. Draft agreement on military air transport services.

R.C.A.F. see no objection to the State Department's proposal that the words "American or Canadian" be inserted before "civilian personnel" in Articles

one and two. You may therefore inform the State Department that this change is agreeable to the Canadian authorities.

**934.** DEA/72-SH-40

*L'ambassadeur aux État-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5697 Washington, October 4, 1944

IMMEDIATE. SECRET. My WA-5551 of September 25th,[1] draft Agreement on Military Air Transport Service. Parsons of the State Department telephoned this morning to say that they regret they are unable to withdraw the proposal for a new Article VII. The text of the substitute VII was given in our WA-4595 of August 3rd. The effect of the adoption of the substitute Article would be to forbid the carriage of fare-paying passengers between Canada and the United States but to enable United States aircraft flying over Canada to fill up empty space with fare-paying passengers of high priority.

2. In explanation of this proposal Mr. Parsons said that the War Department desire to secure the right immediately to fill up space on aircraft passing over Canada with high priority fare-paying passengers. They do not, therefore, feel it would be realistic to sign an Agreement now which includes a specific bar against carrying such passengers.

3. I hope you will be able to let me know soon the reply we should give to the State Department on this proposal.

**935.** DEA/72-SH-40

*L'ambassadeur aux État-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5724 Washington, October 5, 1944

IMMEDIATE. CONFIDENTIAL. My WA-5697 of October 4th, Draft Agreement on Military Air Transport Services.

1. The attitude taken by the War Department is not unnatural since they have now publicly admitted that their Air Transport Command is carrying fare-paying passengers. The memorandum which they issued last month on this subject reads as follows:

"Since its inception, the Air Transport Command has carried a relatively small number of fare-paying civilians on vital war missions to foreign points not served on commercial air transport routes. This practice, consistent with policies for all forms of travel operated by the War Department, is a necessary and non-competitive war expedient.

"The War Department emphasizes that an appropriate fare is charged only in cases where transportation cannot be properly charged to the United States Government and for passage on routes where no commercial air transportation is available."

2. Rather than conclude the Agreement in the form desired by the War Department, it might be better for us to inform the State Department that, since they have raised the new issue of the carriage of fare-paying passengers, we think it would be desirable to postpone further consideration of the Agreement until after the International Civil Aviation Conference where the whole problem of the future of the Military Air Transport Services will no doubt be considered.

3. Such a postponement would make it possible for us to discuss the problem at the British Commonwealth aviation discussions.

4. This might put us in a stronger bargaining position at the International Conference, since it will mean a continuance of the present legal position under which almost all the Military Air Transport Services which the United States is now operating into and over Canada are operating without permission from the Canadian Government. This is clear from a comparison of the list of routes given in part one A of the latest draft of the proposed Agreement with the lists contained in paragraphs 6 and 18 of our original memorandum of March 17th [16th], 1943, proposing the Agreement. Even though I think a few permissions have been given since March 16th, 1943, it would look as if probably three-quarters of the United States services are being operated without permission.

**936.** DEA/72-SH-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-4083 Ottawa, October 6, 1944

CONFIDENTIAL. Your WA-5724 of October 5. Draft agreement on military transport services.

We reached the same conclusion as the Embassy and on October 5 suggested to the departments concerned, namely, Transport and National Defence for Air, that while it is quite possible that Canada will be prepared to allow United States military services to carry fare-paying passengers to destinations beyond Canada, nevertheless it would be wise to await the outcome of the discussions at the international conference before making an agreement on the subject.

**937.** DEA/72-SH-40

*L'ambassadeur aux États Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

DESPATCH 201 Washington, January 27, 1945

CONFIDENTIAL

Sir,

In the discussions in New York on January 25 and 26 on the proposed military air transport agreement between Canada and the United States, the United States representatives said that they desired to conclude with Canada the proposed agreement in the form in which it stood as set forth in our correspondence of August to October, 1944. This would mean the acceptance of a slightly revised United States version of Article VII, the text of which was given in our WA-4595 of August 3.

2. At the meetings in New York the United States put forward this slightly revised version of Article VII, which differed from the one referred to in our WA-4595 by the addition at the end of the last sentence of the Article of the words "to relief and rehabilitation activities, and necessary to speed a return to peace-time conditions."

3. In view of the fact that we had taken the position that the United States required permission from us to carry fare-paying transit traffic over Canada, we suggested, and the United States representatives accepted, the addition after the second sentence of the proposed Article of a new sub-paragraph which will read as follows:

"Passengers, goods and mail other than those referred to above may be carried for reward or hire on the aircraft referred to in this Article."

The next sentence in the original U.S. version of Article VII, with the amendment proposed at New York, would then become the third sub-paragraph of Article VII.

4. I enclose four copies of Article VII as it would then read.† These copies are dated January 26.

5. We pointed out to the United States in New York that it was probable that the confidential appendix† to the draft agreement was out of date by now. The State Department representative, however, informed us in strict confidence that he does not want to raise with the Army and Navy the revision of the United States section of the appendix for fear that they will raise some new point which will hold up the conclusion of the agreement. His own personal opinion was that the United States Army and Navy would not like the draft of Article VII which had been proposed by the United States, but that they could be held to it since they had given consent to it many months ago, and they

would be told that this was the best which the United States could get out of Canada.

6. The State Department representative said, however, that he had, of course, no objection to Canada revising its part of the appendix, and it would seem to us that the Canadian part definitely needs amplification.

7. It will be for you to determine whether it is desirable for you to clear the revised text of the agreement with Newfoundland or the United Kingdom or both. The United Kingdom has apparently still made no comments on the State Department's memorandum of last November, the text of which we gave in paragraph 2 of our WA-7029 of December 16,[†] and the State Department is, therefore, assuming that the United Kingdom is not going to raise an objection to the fare-paying activities of the Transport Commands.

8. I understand that Mr. Parsons of the State Department will be in Ottawa for a few days. He has with him a revised United States draft of our draft of March 15, 1944.[†]

9. If the new Article VII as proposed by the United States is acceptable to you, it would seem to be useful to get this agreement signed as quickly as possible before some new issue is raised.

10. While there is probably no very strong reason for keeping the appendix confidential, the State Department would prefer not to be asked to request the Army and Navy to release the appendix for publication.

I have etc.

ESCOTT REID
for the Ambassador

**938.** DEA/72-SH-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-351 Ottawa, January 31, 1945

Your despatch No. 201 of January 27. Military air transport agreement.

Revised Article VII is acceptable to us and we are ready to conclude the agreement with the amendments proposed by the United States. We are prepared to leave the appendix in its present form and to have it remain confidential for the time being. It does not appear necessary to amplify the Canadian part of the appendix.

We suggest that the State Department instruct the United States Embassy here to conclude an exchange of notes giving them a proposed form of beginning and ending and their version of the agreed text. The revised texts could then be checked here and an agreement concluded.

We are informing the United Kingdom and Newfoundland of the terms of Article VII and are informing Newfoundland as well of the sections of Articles I and II that interest them.

**939.** DEA/72-SH-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-640 Washington, February 6, 1945

Your EX-351, January 31st. Military Air Transport Agreement.

The State Department has told us today informally that they hope to get the instruction to their Embassy in Ottawa cleared through the State Department in another two or three days. The only new drafting amendment which they have to suggest is in the final paragraph of Article VII where the word "or" should be inserted before "To relief and rehabilitation activities" and the word "or" should be substituted for "and" immediately following the clause just quoted.[49]

## SECTION F

### RENONCIATION À LA RÉCLAMATION EN CAS DE COLLISIONS ENTRE VÉHICULES ET ENTRE NAVIRES
### WAIVER OF CLAIMS ARISING FROM VEHICLE AND MARITIME COLLISIONS

**940.** DEA/4724-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs*
*to Ambassador of United States*

No. 16 Ottawa, March 1, 1944.

Excellency:

I have the honour to refer to my Note No. 130 of October 21, 1943,[†] proposing a basis for the settlement of claims arising out of traffic accidents involving vehicles of the Armed Forces of Canada and vehicles of the Armed Forces of the United States.

The Government of Canada agrees to the changes in the proposed Agreement suggested in your Note No. 75 of December 22, 1943.[†]

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[49]Il y eut un Échange de notes à Ottawa le 13 février 1945. Canada, *Recueil des traités*, 1945, N° 1.
Notes were exchanged at Ottawa on February 13, 1945. Canada, *Treaty Series*, 1945, No. 1.

The Government of Canada are now prepared to enter into an agreement with the Government of the United States establishing the basis to be adopted for the settlement of claims arising out of traffic accidents involving vehicles of the Armed Forces of Canada and vehicles of the Armed Forces of the United States in the following terms:—

(a) The agreement would cover all vehicles of the Armed Forces of the Government of Canada (hereinafter called Canadian vehicles) and all vehicles of the Armed Forces of the Government of the United States (hereinafter called United States vehicles).

(b) The agreement would apply to accidents wherever they occur which take place on or after December 7th, 1941, which have not already been disposed of; and which involve a Canadian or United States vehicle.

(c) Neither Government would make any claim against the other for any damage caused in an accident to which this agreement applies to any vehicle, stores or other property of the Government of Canada and used by the Royal Canadian Navy, the Canadian Army or the Royal Canadian Air Force, or to any vehicle, stores or other property of the Government of the United States and used by the United States Army, the United States Army Air Force, the United States Navy or the United States Navy Air Force.

(d) Neither Government would make any claim against the other in respect of the death of or injury to any member or civilian employee of the Armed Forces of Canada or of the United States caused by a United States vehicle or a Canadian vehicle in an accident to which this agreement applies, provided that no claims which members or civilian employees of the Armed Forces of Canada or of the United States may have in their own right on account of injury or death, would be affected by this agreement.

2. I shall be glad if you will inform me whether the Government of the United States agree to an arrangement on this basis. If so, this note and your reply to that effect will be regarded as constituting an agreement between our two Governments which will continue in force in respect of all accidents which may occur prior to the expiration of three months from the date on which either of the two Governments gives notice to the other of its intention to terminate the agreement.

Accept etc.

J. E. READ
for the Secretary of State
for External Affairs

**941.** DEA/4724-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of the United States*
*to Secretary of State for External Affairs*

No. 121 Ottawa, March 23, 1944

Sir:

I have the honor to acknowledge the receipt of your note No. 16 of March 1, 1944, outlining a proposed agreement with the Government of the United States establishing the basis to be adopted for the settlement of claims arising out of traffic accidents involving vehicles of the Armed Forces of Canada and vehicles of the Armed Forces of the United States.

I have now been authorized to inform you that the arrangement, as set forth in your note under acknowledgment, is agreeable to my Government and that your note, together with this reply, will be regarded as constituting an agreement between our two Governments on the subject.

RAY ATHERTON

**942.** DEA/3953-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

DESPATCH 682 Ottawa, May 9, 1944

Sir,

I have the honour to refer to your despatch No. 388 of 16th February, 1944,† concerning the enquiry of the Department of State, Washington, as to whether the Canadian Government desires to limit the terms of the Agreement[50] to cover naval vessels only and if so, whether the Canadian Government is willing to apply the Agreement to such naval vessels as tankers, transports and cargo vessels. This matter involved necessary reference to, and consideration by several Government Departments.

There are special difficulties presented in this country by reason of the fact that most, if not all, of the ships involved are operating under charter and have not been requisitioned by the Government. The owners have interests which are protected by insurance, and it would be difficult to apply the "Knock for Knock" principle without their consent. If the owners consented, their position in relation to the Marine and War-Risk Underwriters might be prejudiced. The Departments concerned are inclined to the view that it might be impracticable

[50]Canada, *Recueil des traités*, 1943, N° 12.
Canada, *Treaty Series*, 1943, No. 12.

to apply the principle to privately owned ships without making a fundamental change in the arrangements under which they have been operated during the war years.

It would be preferable to continue the present Agreement whereby the "Knock for Knock" principle is limited to naval vessels, a definitely recognized class of ships, flying a distinctive flag and manned by crews under naval discipline and control.

The Departments concerned are still endeavouring to work out some arrangement which would make it possible to extend the scope of the Agreement to meet the United States Government's request. There is some doubt as to the meaning of the words "such naval vessels as tankers, transports and cargo vessels" and it would be desirable to clarify their meaning.

An indication as to the conditions of ownership, manning and control necessary to bring vessels within the scope of these words would be helpful in working out this problem.

It would be appreciated if you would discuss these questions with the appropriate authorities and defer, for the time being, a final reply to the State Department's enquiry.

I have etc.

J. E. READ
for the Secretary of State
for External Affairs

**943.** DEA/3953-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3148 Washington, May 22, 1944

Your despatch No. 682, May 9th, regarding collisions between United States and Canadian Naval vessels. We discussed this matter orally today with Mr. Hill of the Legal Division of the State Department. We pointed out to him the special difficulties mentioned in paragraph 2 of your despatch, and asked him to obtain information requested in the 4th and 5th paragraphs of your despatch.

2. Hill mentioned another problem which we had not previously heard about. It seems that there has been some correspondence[1] between the United States Naval Attaché in Ottawa and the Deputy Minister of National Defence for Air regarding a collision which took place on November 23, 1943, between an R.C.A.F. crash boat and a United States naval vessel. It appears that the Deputy Minister informed the Naval Attaché that this collision did not (not) come within the scope of the agreement of May, 1943, because the Canadian boat involved was an R.C.A.F. boat and not a Royal Canadian navy boat. Hill

said that all the United States authorities involved had been going on the assumption that article 1 of the State Department's note of May 25th, 1943, was the governing article. This article talks of "vessels of war of either Government" without restricting it on the Canadian side to vessels of the Royal Canadian Navy.

3. It seems clear that there was never a meeting of minds between the two Governments regarding the kinds of vessels to be covered by the exchange of notes. The absence of such a meeting of minds resulted in a lack of precision in the notes themselves. The preamble to the State Department's note, and the Canadian Legation's note in reply, both talk about "ships of the Royal Canadian Navy." On the other hand, article 1 of the State Department's note simply talks about "vessels of war of either Government." The second ambiguity arises from the failure to define "vessels of war".

4. It seems to me that what would be most helpful at this stage is for all the Service Departments of both Governments to list the kinds of vessels operated by them and to say which kinds, in the opinion of each department concerned, should be brought within the scope of the agreement. The next step would be for the two Governments to reach a definite agreement as to the kinds of vessels to be covered. Such a definite agreement could be put in the form of an exchange of notes interpreting or supplementing the exchange of notes of May, 1943. An alternative procedure would be to cancel the May, 1943, exchange of notes and to substitute a completely new and mutually satisfactory exchange of notes. Ends.

**944.** DEA/3953-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

DESPATCH 1248 Ottawa, August 30, 1944

Sir;

I have the honour to refer to your teletype WA-3148 dated May 22, 1944, and our despatch No. 682 dated May 9, 1944, regarding collisions between United States and Canadian vessels. I would appreciate knowing what progress has been made towards obtaining the information requested in paragraphs 4 and 5 of our despatch under reference.

The three Services were requested to submit lists of the kinds of vessels operated by them, and which in their opinion, should come within the scope of the agreement. The lists were submitted under the following categories:

A. Government chartered (demise or bareboat, *not* on time charter) or requisitioned ships operated by Navy, Army, or Air Force personnel. In this category, the owner foregoes all insurances, etc. and all risk is vested in the Canadian Government.

B. Vessels chartered or requisitioned for the use of the Navy, Army or Air Force which could be brought within the scope of the Agreement without too much difficulty; there is no Crown risk in this category. An adjustment could be effected between the owners and the Canadian Government.

C. Vessels engaged with the Armed Services but which could not be brought within the scope of the Agreement owing to the difficulty of obtaining an adjustment between the owners and the Government. Vessels in this category are entirely at the owners' risk.

I am enclosing copy of the lists submitted by the Navy and Air Force.†

The Army did not submit any list but referred to two vessels chartered from the Canadian National (West Indies) Steamship, Limited, namely *S.S. Lady Nelson* and *S.S. Lady Rodney*. In the opinion of the Army, these vessels did not come within any of the categories listed above by reason of the special character of their charter with the Canadian Government.

I have etc.

J. E. READ
for the Secretary of State
for External Affairs

**945.** DEA/3953-40

*Le chargé d'affaires aux État-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5329 Washington, September 12, 1944

Your despatch of August 30th, No. 1248, concerning collisions between United States and Canadian vessels.

1. The matter was discussed orally today with Mr. Hill of the Legal Division of the State Department. I asked him whether he had been able to secure the information requested in your previous despatch No. 682, dated May 9. Following is his reply:

Vessels operated by the War Department and the Army are those —

(1) The title to which is in the United States and which are operated by the War Department;

(2) Obtained from private owners under the bareboat charter, and

(3) Made available by War Shipping Administration on a bare-boat basis for the use of the War Department and of the Army. The liability for all claims arising from the use and operation of such vessels is that of the War Department except as such liability may have been assumed by War Shipping Administration under its insurance agreement.

2. Contents of your despatch No. 1248 were brought to Mr. Hill's attention and he interpreted it as a step forward to broaden the scope of the agreement.

He told me that the Army and the Navy feel that the Canadian interpretation is too restrictive and that they are most anxious to reach a clear understanding.

3. I also gather from my conversation with Mr. Hill that a meeting in Washington of the Departments concerned of both Governments will probably be suggested as the best way to find a solution acceptable to both Governments. If the suggestion is made by the State Department, I would appreciate being informed of your views as to the advisability of such a meeting being held here.

4. While perusing the lists of the kinds of vessels operated by the three services, which is attached to your despatch No. 1248, it was noted that the R.C.A.F. list does not separate ships in different categories. Would this mean that all vessels operated by the R.C.A.F. come under Category A and should come within the scope of the agreement?[51]

**946.** DEA/3953-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-3924 Ottawa, September 20, 1944

Your WA-5329 concerning collisions between United States and Canadian vessels. Concur in advisability of meeting being held in Washington of the Departments concerned. The answer to paragraph 4 of your teletype under reference is affirmative.

**947.** DEA/3953-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5658 Washington, September 30, 1944

IMMEDIATE. Your EX-3924 of September 20 concerning collisions between United States and Canadian vessels.

I have just received a note from the State Department from which I quote the following relevant paragraphs:

"The interested agencies of this Government are desirous of having the scope of the present agreement broadened. In this connection it would be of material assistance if representatives of the appropriate agencies of the

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[51]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
3chartered, balance Service owned. RCAF desires all to the included in agreement.

Canadian Government could at any early date meet with representatives of the agencies of this Government to consider possible modifications of the present agreement.

If it would be convenient for the Canadian representatives to come to Washington for such a conference, steps will be taken to have the representatives of the appropriate agencies of the United States meet with them here at any time which suits their convenience."

I would appreciate being informed when it would be convenient for Canadian representatives to come to Washington for a meeting.[52] Ends.

**948.** DEA/3953-40

*Le sous-ministre de la Défense nationale (services navals) au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of National Defence (Naval Services) to Under-Secretary of State for External Affairs*

Ottawa, January 9, 1945

Dear Sir:

Enclosed herewith for your information is a copy of a memorandum of Lieutenant-Commander Chipman who represented the Judge Advocate General at the Meeting in Washington on November 17th, 1944, referred to in the memorandum.

Your comments will be appreciated particularly with respect to paragraph 3 of the memorandum, observing that there is at least one case where salvage services have been rendered by Canadian Naval Vessel to Ship operated by the United States War Shipping Administration, the case in question arising out of salvage services rendered in August 1944 by H.M.C. M.L. "077" to U.S. *S.S. James Miller*.

A letter in identical terms has been despatched to the Deputy Minister of Transport.[1]

Yours very truly,

W. G. MILLS

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[52]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
Wait until Kerr[53] has checked lists submitted by Services before replying.

[53]Capitaine J. W. Kerr, ministère du Transport.
Captain J. W. Kerr, Department of Transport.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du juge avocat général adjoint (Marine)*
*Memorandum by Assistant Judge Advocate General (Navy)*

[Washington, November 1944]

PRECIS OF MEETING IN WASHINGTON WITH U.S. REPRESENTATIVES REGARDING
EXTENSION OF KNOCK-FOR-KNOCK AGREEMENT BETWEEN CANADA AND UNITED STATES
IN RESPECT OF VESSELS OF WAR AND GOVERNMENT VESSELS

At the meeting in Washington which took place on 17th November, 1944, at which representatives of the State Department, Department of Justice, War Shipping Administration, Maritime Commission, Lease Lend, and J.A.G.[54] (both Army and Navy) were present, it was brought to the attention of the Canadian representatives that the United States desired an all-embracing Knock-for-Knock Agreement, which would include all types and categories of Government vessels, and would also extend to cases where Government cargo was being carried. It was brought to our attention that an agreement of this nature had been promulgated between the United States and the United Kingdom, but in cases where insurance existed on the vessels in question should a collision arise and the Knock-for-Knock Agreement have application, the U.S. did not take advantage of the "running down" clause in that it made no demand for compensation for the damages which its vessel had sustained, from the insurers. In consideration of the waiving of this right under the provisions of the policy, the insurers agreed that they would not exercise any right of subrogation which they might have against the vessel which had caused the damage, i.e., the British vessel. This understanding which exists between the underwriters and their respective Governments has not apparently been explored in Canada, but the U.S. representatives felt that there was no reason why a similar arrangement could not be made with any underwriters who might be the insurers of vessels registered in Canada and operating under Government supervision; more particularly, vessels operated by the Park Steamships and Canadian Government Merchant Marine vessels, etc.

2. In this connection, I felt it was advisable to contact and meet the Insurance representatives informally who would have knowledge of the Insurance factor and how the various vessels operated thereunder, and I accordingly met representatives from the Canadian National Steamships and Park Steamship Company, in Montreal. With regard to the extension of the Knock-for-Knock Agreement, they are definitely opposed to any agreement which might be put into force which has application to the category of vessels to which I have above referred; in other words, I gathered that there was no insurance placed on the Park vessels which would result in any insurance liability as a result of any collision which might be sustained, and therefore, unless the Government

[54]Judge Advocate General.

was prepared to become the insurer of the Park Steamships in cases of this nature, it would not be possible to include these vessels in the Agreement. Furthermore, repairs and damages, etc. which would be necessitated by reason of such a collision would, from a practical point of view, enter into the operating charges of the Company and might reflect substantially on the Company's position. Similar conditions also apply with respect to the *Lady Nelson* and the *Lady Rodney*, and I also understand that the Company has a special fund which is made available for repairs, etc., arising from collisions which the Company would not desire to use for this present purpose.

3. At the meeting in Washington, the additional question as to whether salvage claims on behalf of Canadian Naval personnel should be prosecuted against private ships registered in the United States of America was considered in view of the fact that in both the United Kingdom and the United States no claim of this category is proffered against a private ship of the other country, but in the event that salvage services are performed involving risk and hardship over and above the ordinary duties of Naval personnel, the Government of the country involved will make an award. The U.S. representatives felt that this might be the subject of an additional Knock-for-Knock Agreement, and it was determined that this question should be further explored with a view to possibly falling in line with the foregoing procedure if the circumstances and policy warrant such action.

W. W. CHIPMAN
Lt.-Cmdr. R.C.N.V.R
[Royal Canadian Navy Volunteer Reserve]

**949.** DEA/3953-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État des États-Unis*

*Ambassador in United States*
*to Secretary of State of United States*

No. 119 Washington, April 11, 1945

Sir,

I have the honour to refer to your note of February 6th, 1945,† relating to the conference held in the Department of State on November 17th, 1944, between representatives of the interested agencies of the United States Government and representatives of the Canadian Government to consider the scope of the Agreement between the United States and Canada for the waiver of claims arising as a result of collisions between vessels of war of the two countries.

I am now informed that the points which were raised by the United States representatives at the meeting referred to above have been examined by all the

interested departments of the Canadian Government. Every effort has been made to find some way in which the Canadian Government could provide for the extension of the Agreement so as to include all types of vessels in which the risk of loss falls directly or indirectly upon the Government. An attempt has been made to explore the feasibility of readjustment of insurance arrangements along the lines which have been followed by the United States shipping authorities, but it has not been found possible to follow this course. The Agreement can be enlarged so as to cover, in addition to vessels of war, ships owned and operated directly by the Canadian Government as distinct from ships owned by the Canadian Government and operated by Crown companies or private enterprises. However the *S/S Lady Nelson* and the *S/S Lady Rodney* (two vessels chartered from the Canadian National Steamships Ltd.), should be expressly excluded from the Agreement since their category, by reason of the special character of their charter, is difficult to establish, and this might cause the United States Government to be misled. There is no way in which the excepted classes of ships can be brought within the scope of the Agreement without radical changes in the system of administration under which the ships are operated.

The question of salvage, while not mentioned in your note under reference, was also discussed by the interested departments of the Government, as it had been raised at the meeting held in the State Department. It was urged at that meeting that the Canadian practice should be changed so as to conform with that which is followed in the United Kingdom and in the United States, whereby no claims for salvage services rendered by one Government are made against private ships of the other country. In this matter, the United States authorities are following a long-standing practice, which obtains during war and peace. The United Kingdom authorities are able to work out a reciprocal arrangement by reason of the existence of lend-lease agreements. Lend-lease does not apply as between Canada and the United States, and it would not be possible to work out a reciprocal salvage arrangement without a fundamental change in the policy followed by the Canadian Government in dealing with salvage during war and peace. It would not be practicable to have a special arrangement limited to United States privately owned and operated ships, because such a course would give rise to complaints of discrimination, both from Canadian shipping and from shipping of other countries.

Accept etc.

M. M. MAHONEY
for the Ambassador

**950.** DEA/3953-40

*Le secrétaire d'État par intérim des États-Unis à l'ambassadeur aux États-Unis*

*Acting Secretary of State of United States to Ambassador in United States*

[Washington], July 26, 1945

Excellency:

I have the honor to refer to the Embassy's note no. 119 of April 11, 1945 with further regard to the extension of the scope of the agreement between the United States and Canada for the waiver of claims arising as a result of collisions between vessels of war of the two countries.

My Government has noted the offer of the Canadian Government to enlarge the agreement so as to cover, in addition to vessels of war, ships owned and operated directly by the Canadian Government and appreciates the difficulties which would be encountered by the Canadian Government in extending the agreement so as to include all types of vessels in which the risk of loss falls directly or indirectly upon the Government. However, it feels that the Embassy's note may be based in part on a misunderstanding of certain of the proposals discussed at the conference in the Department of State on November 17, 1944 between representatives of the two Governments.

Specifically it is thought that the Canadian authorities may have misunderstood the purport of the discussion with respect to salvage. This Government feels that the practice which obtains in the United States and Great Britain of not asserting salvage claims for services rendered by our public vessels, i.e., Navy and Coast Guard vessels, might well be adopted by the Canadian Government. Salvage claims have been made by Canadian Naval vessels and their personnel against vessels owned or operated by the United States Government. The claims which would be waived under the agreement proposed at the November 17 meeting are limited to claims between the respective Governments. Salvage claims by or against private interests would not be waived under the proposed arrangement.

The question of cargo claims, while not mentioned in the Embassy's note under reference, was also discussed at the meeting on November 17, 1944. The agreement proposed at that time included the waiver of claims for general average contribution by and damage to cargoes whenever such claims are ultimately payable by or to one of the contracting Governments.

It is believed that a further meeting between representatives of this Government and the Canadian Government would be useful with a view to ascertaining whether misunderstandings exist as to the nature of the proposals for an extension of the existing agreement and to explore alternative procedures for dealing with maritime claims between the United States and Canada in the event it is found to be impracticable to conclude an agreement between the two Governments for a mutual waiver of such claims. A

considerable number of maritime claims between the two Governments are undisposed of and it is believed that every effort should be made to find some means to dispose of these claims and others which may arise in the future so as to avoid, if possible, having to dispose of the claims by litigation.

I shall appreciate being advised whether representatives of the Canadian Government can come to Washington for the purpose indicated and, if so, the time when it may be convenient for them to do so.

Accept etc.

JOSEPH C. GREW

**951.** DEA/3953-40

*Rapport d'une réunion entre des représentants des États-Unis et du Canada*

*Report of Meeting between Representatives of United States and Canada*

RESTRICTED [Washington, c. September 19, 1945]

Report on meeting held in Washington on 19 September 1945 at 3:30 p.m. between members of Department of State and Dept. of External Affairs to discuss the enlargement of the Maritime Knock for Knock Agreement.

1. The following were present:

| | |
|---|---|
| Green H. Hackworth | Legal Adviser, Department of State, Chairman |
| Raymond T. Yingling | Department of State |
| John Sonnet | Department of Justice, Claims Division |
| Edward L. Smith | Department of Justice |
| J. Frank Sturdey | Department of Justice |
| Edward A. Neiley | War Shipping Administration |
| J. Franklin Fort | War Shipping Administration |
| Commander L. R. Wood | USNR [U.S. Naval Reserve], Navy Department |
| Lt. Col. T. F. Mount | J.A.G.'s Office |
| Cdr. Myron H. Avery | USNR, J.A.G.'s Office |
| | |
| Mr. J. W. Kerr | Department of Transport, Ottawa |
| Mr. E. A. Coté | Department of External Affairs, Ottawa |
| Commander W. W. Chipman | J.A.G.'s Office, Ottawa |
| Graham Morrow | Canadian Embassy, Washington |

2. In his opening remarks the Chairman indicated that the U.S. Government desired to broaden the agreement to cover all vessels owned and operated by both Governments, insofar as collisions, cargo and salvage claims are concerned.

3. Mr. Smith, of the Department of Justice, then asserted that one of the prime motives of the U.S. Government in seeking to extend the agreement was the fact that if no agreement is reached to cover all vessels, witnesses required for litigation would disappear with the breaking up of the wartime merchant marine. Later, Mr. Smith stated that, due to the American laws which place a

mandatory limitation of two years on Admiralty litigation, the U.S. Government must take a decision soon as to whether they are to litigate these claims: if they must litigate because of their inability to come to an agreement with Canada, they must seek Congressional authority in the next few months for the monies required to proceed to court. Obviously, Mr. Sonnet pointed out, it is most desirable to avoid litigation.

4. Cdr. W. W. Chipman gave the background which led up to the previous agreement. From there on, Mr. Smith stated that the extension of agreement desired by the U.S. Government would cover the waiver of all Maritime claims (inclusive of cargo, salvage, etc.) for ships which are operated for the ultimate Government account. He indicated the U.S. Government had an agreement with the British and the Norwegians where the problem of underwriters came in, and the underwriters were agreeable to waiving their interests by arrangement with the Governments concerned. Mr. Smith indicated that the U.S. Government was interested in working out an agreement only where actuarial principles could be given effect in order to settle the great majority of outstanding claims; otherwise they would have to be content with an agreement of a more limited scope.

5. The question of the Park Steamship was raised and Capt. Kerr explained the set-up of Park Steamships, i.e. a Crown Company which allocates ships to Agents or Steamship Companies which in turn operate them on a managerial fee basis and as a strict commercial venture. Mr. Smith asked whether an agreement could be reached with Park Steamship Company for a settlement of claims on a Knock for Knock basis. No answer was given, but the question was raised as to the status of ships controlled by W.S.A.

6. Mr. Smith indicated that W.S.A. controlled about 4,500 ships of which maybe some 250 were on a new time charter basis which, since 1944 only, provides that the U.S. Government can waive insurance, and these ships could be considered for Government account and thus become part of an enlarged Knock for Knock agreement. No definite information was given as to the remaining ships except that this new form of agreement might be extended to cover a maximum of 600 ships.

7. Mr. Hackworth asked whether the Canadian Government would have authority to make an agreement binding Park, because of the ships being Government licensed and controlled by the Shipping Board. Capt. Kerr thought it might have this power, but the Government in the past had been guided by the advice of the Shipping Board, whose policy had been against the inclusion of the Park Steamship in such an agreement, principally because of the insurance and commercial factors involved in the handling of Park vessels.

8. Mr. Smith indicated that they found U.S. Insurance underwriters agreeable to waivers of their claims, and this might be explored in Canada. This was agreed.

9. Mr. Coté asked how many cases now stand for litigation. He was advised that between 40 to 60 such cases existed, and they involve Park vessels in all but 3 or 4 cases. The Chairman agreed to supply, on an informal basis, a list of

the U.S. claims (with data) to the Canadian Government in the course of the next few days, and the Canadian group agreed to reciprocate in the next two or three weeks.

10. Mr. Coté indicated that at the present time the Canadian Government is willing to extend the present agreement to vessels owned and operated by the Canadian Government, exclusive of Park or C.N. Steamships, and to cover salvage claims where the vessels involved are of the R.C.N., on the one hand, and a ship of the U.S. Government at sole Government risk and not covered by salvage insurance, on the other hand. This offer was noted by the Chairman.

11. Mr. Coté asked to what extent the agreement could be made retroactive. The U.S. representatives thought it could not be made retroactive to 1941, but possibly it could be retroactive to 1944.

12. Mr. Hackworth reiterated that the U.S. Government was most anxious to have a Knock for Knock agreement which would include Park. If this were absolutely impossible, then a Joint Shipping Board would be accepted as a lesser evil. It could conceivably be operated as under the U.S.-British agreement, i.e., cases arising in Canadian waters to be dealt with under Canadian law, cases arising in U.S. waters to be dealt with under U.S. law. Mr. Coté was assured that a copy of the U.S.-British agreement would be made available to the Canadian Government.

13. As a talking point, Mr. Sonnet asked that the Canadian representatives tell Park that if, because of lack of agreement between Canada and U.S., cases in dispute had to be litigated, the U.S. Government would be obliged to raise the point of law that the real party at issue is the Canadian Government, and this might well bar a Park claim in a U.S. court.

14. Mr. Coté asked the Chairman if he could provide a definition of the ships which the U.S. Government was prepared to make the subject of an extended Knock for Knock agreement. The Chairman said he could provide us with a definition of public ships and with a list of merchant ships in a few days, and it was agreed that the Canadian Government would reciprocate by submitting a list of merchant ships which the Canadian Government might possibly include in an agreement. This would be without prejudice to the discussions now proceeding, and the lists would be exchanged on an informal basis.

15. Mr. Hackworth raised the point that a Knock for Knock agreement could be entered into without Congress assent, but that litigation or a Joint Shipping Board would require U.S. legislation. The Joint Shipping Board could only make recommendations and then Congress would consider the passing of judicial legislation. The U.S. representatives expressed some abhorrence for such a Board which should only be suggested as a last resort.

*Conclusions & recommendations*

16. That a definition of Canadian public vessels, together with a list of merchant ships which the Canadian Government might include in an extended agreement, be prepared by Capt. Kerr and Mr. Coté for transmission to the U.S. Department of State.

17. That a list of Canadian claims against U.S. Government ships be prepared by Park Steamship Company for transmission to U.S. Department of State.

18. That, upon receipt of a list of U.S. ships and claims, these be studied by Capt. Kerr and Mr. Coté with a view to calling an interdepartmental meeting to review possibility of including Park either in a Knock for Knock agreement, or in an agreement for joint arbitration as described in para. 12.

**952.** DEA/3953-40

*Mémorandum du ministre, l'ambassade aux États-Unis, au Cabinet*

*Memorandum from Minister, Embassy in United States, to Cabinet*

[Ottawa,] November 13, 1945

EXTENSION OF THE MARITIME KNOCK FOR KNOCK AGREEMENT BETWEEN CANADA AND THE UNITED STATES OF AMERICA

For approximately one year, the United States Department of State has been anxious to extend the scope of the Exchange of Notes recorded on May 25 and May 26, 1943, between Canada and the United States, setting out an agreement for the waiver of claims arising from collisions between vessels of war.

2. At the request of the United States Department of State, a conference was held between Canadian and American representatives at the Legal Division of the Department of State in Washington on September 19, 1945. It became evident that the main question at issue related to the inclusion of ships of the Park Steamships Company Limited and of all types of vessels at the sole risk of the Canadian Government, on the one hand, and the inclusion of ships of the War Shipping Administration, on the other.

3. The United States Department of State has provided the Canadian Government with a list[1] of 37 claims which would be currently affected by such an agreement, and a broad examination reveals that the United States' total claim against Canada would be approximately $4,000,000, and that Canada's claim against the United States would be in the neighbourhood of $650,000. Two claims involving vessels of the Royal Canadian Navy account for $3,600,000 of the American claim. It, therefore, seems that the general claim of the United States against Park Steamships might be something of the order of $350,000, while the Park Steamships' claim against the War Shipping Administration amounts to some $600,000. The Park Steamships is very reluctant to give up its favourable position unless it is to enure to the benefit of Canada as a whole.

4. Some of the objections which are raised are the very complex and unknown effects upon maritime insurance in all its ramifications ranging from bare boat to cargo and general average insurance policies. These complications make it desirable that whatever agreement is reached with the United States should have the approval of the Underwriters before it is concluded. As far as the

Department of External Affairs can ascertain, there are no insuperable difficulties in the path of entering into an enlarged Knock for Knock Agreement with the United States Government.

5. The advantages would be accrued principally to the Royal Canadian Navy, i.e., to the extent of probably some $3,600,000, but to the detriment of the Park Steamships to the extent of $250,000, plus, possibly, a part of the cost of premiums covering those ships which are the subject of a Knock for Knock Agreement and which were involved in a collision.

6. The following courses of action are open to the Canadian Government:

(a) Not to enlarge the present Agreement;

(b) To enlarge the Knock for Knock Agreement to include all ships and cargoes at the ultimate risk of Canada and the United States of America (subject, possibly to the exemption of the Canadian National ships);

(c) To enter into an agreement of arbitration concerning all ships and cargoes at the ultimate risk of the Governments of Canada and the United States of America.

7. The United States Department of State very much prefers a Knock for Knock Agreement which would include all ships and cargoes at the ultimate risk of both Governments, and only desires to enter into an agreement for arbitration in the last resort and as a lesser evil.

8. It is desired, therefore, that Cabinet should give a decision as to which of the courses set forth above should be followed.

It is impossible to follow the course indicated in paragraph 6 (a) and do nothing, unless the Government is prepared actively to facilitate legal proceedings in which Canadian ships are at fault, whether merchant ships or warships.

Practically speaking, it would be necessary to make some concessions in order to take into account the United States Government's entirely proper reluctance to become engaged in a law suit against the Royal Canadian Navy. It is suggested, therefore, that the minimum concession which could be made would be to concur in an arrangement for setting up an international board, or possibly two boards, one on the Atlantic and one on the Pacific coast, to make recommendations for the settlement of the claims. Insofar as general policy is concerned, it would be preferable, on the whole, to extend the Knock for Knock Agreement. The policy of Knock for Knock Agreement was initiated by the Canadian Government, and it has spread throughout the Allied world. The United States and other Governments readily concurred in applying the principle upon Canadian request. This is the first time that the Canadian Government has been asked to make a concession in this matter. Regardless of the balancing of accounts, there would be a good deal to be said for accepting Knock for Knock upon a universal basis to cover all claims which would be fundamentally claims between the two Governments concerned. On the other hand, it is impossible to overlook the very strong opposition by Park Steamship Company Limited, and so far, in deference to this opposition, it has been

possible to avoid commitment, in the negotiations with the United States Government, to bringing the Park ships within the scope of Knock for Knock.

**953.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] December 19, 1945

. . .

CANADA-UNITED STATES;
CLAIMS FOR COLLISIONS BETWEEN GOVERNMENT VESSELS;
EXTENSION OF "KNOCK FOR KNOCK" AGREEMENT

19. THE MINISTER OF NATIONAL DEFENCE referred to an External Affairs memorandum which had been submitted, and suggested that the extension of the "knock for knock" principle to include all ships and cargoes at the ultimate risk of the two governments was in the general Canadian interest.

The memorandum observed that the U.S. government were anxious to estimate the scope of an exchange of notes of May 1943, setting out an agreement for waiver of claims arising from clearance of vessels of war between the two countries. It was now suggested by the United States that this principle be enlarged to other government vessels.

At present, the United States had thirty-seven claims against Canada to an approximate total of $4 million and Canadian claims totalled some $650,000, of which $600,000 represented Park Steamships' claim against U.S. War Shipping administration. The principal U.S. claim (some $3,600,000) lay against the Canadian Navy.

Alternatives to extension of the "knock for knock" principle were to leave the situation as at present or to enter into an agreement of arbitration.

Copies of the memorandum had been circulated.

(External Affairs memorandum, Nov. 13, 1945 — Cabinet document 114).

20. THE MINISTER OF TRANSPORT agreed that an extension of the principle to all government vessels was in the general interest though Park Steamships would suffer loss and, in the absence of the Minister responsible, some reservation should be made in any decision taken.

21. THE CABINET, after further discussion, agreed that, as a matter of policy, it was desirable to extend the "knock for knock" agreement to include all ships and cargoes at the ultimate risk of the two governments and that, subject to the concurrence of the Minister of Reconstruction, Canadian representatives should seek this end in negotiations with the United States; it being understood that, if the agreement were so extended, the Navy should compensate Park Steamships to the extent of their claim against the United States.

. . .

**954.** DEA/3953-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*
*Memorandum by Under-Secretary of State for External Affairs*

SECRET [Ottawa,] December 27, 1945

CANADA-UNITED STATES:
CLAIMS FOR COLLISIONS BETWEEN GOVERNMENT VESSELS

With reference to the conclusion reached at the meeting of the Cabinet held on December 19th, the Secretary of the Cabinet has now heard from the Minister of Reconstruction and Supply that he concurs in the decision reached with regard to the extension of the agreement with the United States on a "knock for knock" basis in respect of collisions between vessels at the ultimate risk of the two governments. The Secretary of the Cabinet states that it will, therefore, be in order to proceed on this basis.

N. A. R[OBERTSON]

## SECTION G

ACCORD RUSH-BAGOT
RUSH-BAGOT AGREEMENT

**955.** DEA/3306-40

*Mémorandum du secrétaire, CPCAD*
*Memorandum by Secretary, PJBD*

CONFIDENTIAL [Ottawa,] September 11, 1945

RUSH-BAGOT AGREEMENT[55]

The main limitations placed on naval armaments by the Rush Bagot Agreement of 1817 are as follows:

a — Canada and the United States may each maintain on Lake Ontario and on Lake Champlain one vessel not exceeding 100 tons burden and armed with one 18 pound cannon.

b — On the upper lakes two vessels of the same specification.

c — All other vessels on the lakes to be forthwith dismantled and further construction or arming of warships on the lakes prohibited.

d — Naval forces to be restricted to "such services as will in no way interfere with the proper duties of the armed vessels of the other party."

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[55]Les notes suivantes étaient écrites sur cette copie du document:
The following notes were written on this copy of the document:
I have nothing to add to an admirable statement of the case. J. E. R[ead]
I agree with the proviso that any new agreement should be signed on the anniversary of the 1817 agreement so as not to upset the Kiwanis Club who celebrate this occasion! H[ume] W[rong]

The Rush Bagot Agreement is obviously out of date both with regard to the numbers of vessels permitted and with regard to the construction of vessels. It has been "interpreted" on a number of occasions and the prohibition against the construction or arming of warships was finally "interpreted" in 1942[56] to permit the construction of naval vessels having their armament in complete readiness for action upon arrival in the open sea, with all essential tests and trials, including submerged operations of submarines and test firing of torpedoes and guns, conducted in Great Lakes waters.

It seems probable that after the war both Canada and the United States will wish to have naval vessels on the Great Lakes for training purposes. They may also wish to construct naval vessels and there seems no reason why they should not. Even in the unthinkable event of tension between the two countries the presence or absence of naval vessels on the Great Lakes would be of insignificant importance.

Since the Rush-Bagot Agreement bears so little relation to the facts of the present day situation it seems appropriate to consider whether it should not be replaced by a new agreement which would take account of the changes which have occurred since 1817.

Such an agreement might cover the following points:

a — Permit each country to maintain such vessels as it requires for naval training purposes and for police work.

b — Permit the construction of such vessels as each country requires for the purposes mentioned in "a" above as well as for ocean use by each party or for sale to other countries, subject to whatever agreements on naval limitation might be binding on each party.

c — Provide for complete exchange of information on all activities under "a" and "b" above, perhaps through the medium of the Permanent Joint Board on Defence.

The principal argument against a new agreement is the great sentimental value that attaches to this historic document. It is one of the earliest successful agreements for the limitation of armaments in history. It was of great value in easing tense relations after the war of 1812 and in providing for a period of rapid growth and expansion on both sides of the border, which was unclouded by any possibilities of a naval race. It is, therefore, a landmark of nearly 130 years standing and a monument to the excellent relations that prevail between Canada and the United States.

On the other hand there are two arguments in favour of a new agreement which it is suggested have even greater weight.

1 — A new agreement might possess even more sentimental value if appropriately conceived and properly launched. The old agreement was, despite its undoubted value, based on mutual suspicion and the need to keep a watchful eye on naval armaments. A new agreement could be based on the complete

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[56]Canada, *Recueil des traités*, 1942, N° 3.
Canada, *Treaty Series*, 1942, No. 3.

confidence that exists between the two countries which eliminates the need for that watchful eye. It would be based on mutual trust, not on mutual suspicion. It could well be linked with the Ogdensburg Agreement of 1940[57] under which the two governments agreed to collaborate in joint defence. Indeed, a naval limitation agreement seems inconsistent with joint defence and the responsibilities entrusted to the Permanent Joint Board on Defence. A new agreement based on these considerations would be a landmark in the history of both countries.

2 — The existing agreement is so obsolete and meaningless that scarcely one of its provisions is in force. It has been "interpreted" out of existence and bears no relation to the facts of the present day. If international agreements are to have any meaning and are to command respect it is questionable whether the retention of agreements which are continually violated is wise. It appears preferable to abrogate, amend or replace them.

On balance it is suggested that a new agreement, far from destroying something of historical interest and sentimental value, would be a document which would command great interest and respect and would in time acquire sentimental value in its own right. It would moreover give appropriate recognition not only to the generally changed conditions which have superseded those of 1817 but to the specific new developments in joint defence which date from the Ogdensburg Agreement.

[R. M. MACDONNELL]

**956.** DEA/3306-40

*L'ambassadeur aux États-Unis au secrétaire, CPCAD*

*Ambassador in United States to Secretary, PJBD*

PERSONAL AND CONFIDENTIAL Washington, December 12, 1945

Dear Mr. Macdonnell:

I have your letter of December 6th† about the question of revising the Rush-Bagot Agreement.

I agree in principle with the proposed revision but I would underline the necessity — admitted in the memorandum — of avoiding any misunderstanding or misinterpretation of the move. Very careful preparation for any negotiations from the publicity and explanatory angle will have to be made. (Nothing must be done, of course, to compromise our proudest after-dinner boast — the undefended frontier.)

An additional argument for change would be that the new treaty would be a Canadian-United States treaty, not a United Kingdom-United States treaty. This fact, appropriately handled, could have useful educational effects in this country.

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[57]Volume 8, document 93./Volume 8, Document 93.

Negotiations for any new agreement would flow naturally from the Ogdensburg Agreement and from wartime cooperation between the two countries. The implications here are important and would have to be carefully considered.

I agree that the Permanent Joint Board should be brought into both the negotiation and the administration of the agreement, as suggested. It might even be found possible to have a reference made to the Board's existence in the text of the agreement itself.

I am a little doubtful about point b on page 2 of the memorandum — in particular about the mention of "the construction of such vessels . . . . . for sale to other countries."

Should the Rush-Bagot Agreement be revised, it would be possible to underline the fact that it is a revision of an international agreement which has been in existence and observed since 1817. I believe, in fact, that this is an additional argument for revision. This fact — that there has been an international agreement of this kind in force for 128 years — would be a good one to publicize at the present time.

Yours sincerely,

L. B. PEARSON

## SECTION H

### COOPÉRATION D'APRÈS-GUERRE
### POST-WAR CO-OPERATION

**957.** DEA/52-Cs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] April 10, 1944

In collaboration with the Defence Department we have been preparing a review of the principal aspects of Canada's external relations. One question which we suggested the army should think about was our post war defence relationship with the United States and its connection with any general security scheme. The following extract from a letter of General Pope's[1] commenting on the position, is interesting and I think a correct appreciation:

"The subject of Canada's Post War Defence Relationship with the United States is an interesting one, but I wonder if it is as big as at first glance it might appear? The problem as I see it is pretty well as follows.

In August, 1940, the Prime Minister and the President set up the Permanent Joint Board on Defence. As I have often remarked to you, the word 'Permanent' in the title was not lightly inserted. Indeed, I understand that it was

deliberate. I presume, therefore, that it will be within our Government's policy to continue that relationship[58] even though I readily agree that the Board was established at a time when the United States, and, I fear, many people in Canada, were unduly perturbed as to the security of this Continent. That feeling, of course, has already passed. As you know, I hold that the Scales of Attack, to which it could reasonably be held we were exposed, were, are and will be almost insignificant.

However this may be, I believe that on the conclusion of this war it will be held desirable, certainly by the United States Government, and very probably by ours, that the present intimate defence relationship be continued. At the moment we have Defence Plan ABC-22.[59] This Plan was drawn up before the United States came into the war as a belligerent. It was put into effect on the 8th of December, 1941, and will lapse on the cessation of hostilities. As we approach that time I feel sure that the United States will ask us to revise it so as to have it ready to be put into effect when the next war comes. As I have indicated, I do not think it will be possible for Canada not to accede to this request, nor do I think it will lie within Government policy to refuse to do so.

The revised Plan, apart from a preamble which I shall deal with in a moment, will require a statement of the objects (or tasks) to be achieved and a statement of the forces that will be made available to achieve those objects. The preamble will be somewhat tricky, but it is one, thank goodness, that will have to be drafted principally in External Affairs, as it will be a statement of Government policy. However, we need think only of a recrudescence of strength of Germany and Japan. This seems rather far-fetched at the present, and I hope will remain so for a long time to come. Public opinion, however, has a short memory, and we may again find ourselves thinking in terms of peace while our present enemies will be actuated by entirely different thoughts and motives.[60] They may again attack us or oblige us in self-defence to make war on them, in which circumstances the situation of 1939 and 1940 will again arise. We must, therefore, have a plan ready and this should not be difficult to draw up.

There is one exception to this, and that is the possibility that sometime in the future the United States, from their idealistic dislike of Russia, may find their relations with that country somewhat strained. In such circumstances any unfortunate event might provide a spark that would lead these two countries into war. The British Empire, on the other hand, I should think, would be unlikely to be so moved and would be desirous of sitting back.[61] In such circumstances our position would be a difficult one. To the American the defence of the United States is continental defence, which includes us, and

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[58]Note marginale:/Marginal note:
certainly. K[ing]

[59]Volume 8, document 160./Volume 8, Document 160.

[60]Note marginale:/Marginal note:
I agree here. K[ing]

[61]Note marginale:/Marginal note:
I should want to think this over. K[ing]

nothing that I can think of will ever drive that idea out of their heads. Should then, the United States go to war with Russia they would look to us to make common cause with them, and, as I judge their public opinion, they would brook no delay.

So, therefore, my view is that the defence relationship between the United States and Canada in the Post-War Period should just be that intimate technical relationship that we enjoy at present. We should renew ABC-22, and take good care that in our defence establishments we should provide adequate forces, not so much as to defend ourselves against possible raids from the enemy (though this would be necessary), but more to ensure that there was no apprehension as to our security in the American public mind. As I used to hold ten years ago when I was in operations, what we have to fear is more a lack of confidence in United States as to our security, rather than enemy action. I can put this in another way. If we do enough to assure the United States we shall have done a good deal more than a cold assessment of the risk would indicate to be necessary."

[N. A. ROBERTSON]

**958.** DEA/52-Cs

*Mémorandum au sous-secrétaire d'État aux Affaires extérieures*
*Memorandum for Under-Secretary of State for External Affairs*

SECRET [Ottawa,] April 4, 1944

The Prime Minister read aloud this morning your memorandum of April 10, quoting from General Pope's appreciation of the post-war defence relationship with the United States. The following points which arose from our discussion may be of interest:

1) The *permanent* character of the Permanent Joint Board on Defence was certainly quite deliberate.

Mr. King says that the President called attention to this feature when the Ogdensburg Agreement[62] was being drafted and that he told the President that he certainly believed the defence arrangement ought to be on a permanent basis.

2) There may be occasion to fear a recrudescence of strength of Germany and Japan. But Mr. King clearly thinks that the Canadian position, as lying between the U.S.S.R. on the one side and the U.S.A. on the other, may have to be worked out with very special care.

3) We will also have to think in terms of a rising unity of *colour* policy in the Far East generally which, from the point of view of world strategy, might have to regard the Far East as a solid block opposed to the so-called white races generally.

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[62]Volume 8, document 93./Volume 8, Document 93.

4) There is the possibility that oil developments in northwest Canada will reach such a scale as to make this area a much more vulnerable one in terms of offensive plans of any possible future enemy. The fact that it lies near the international air routes perhaps emphasizes the strategic aspect of which account would have to be taken.

J. A. G[IBSON][63]

**959.** DEA/7-ABs

*Extrait du procès-verbal du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of Working Committee on Post-Hostilities Problems*

TOP SECRET [Ottawa,] May 19, 1944

MINUTES OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS, HELD ON THURSDAY, MAY 18, AT 4.30 P.M. IN ROOM 125, EAST BLOCK

*Present:*

G. deT. Glazebrook, Department of External Affairs, Chairman,
Captain G. R. Miles, Department of National Defence (Navy),
Colonel J. H. Jenkins, Dept. of National Defence (Army),
Group Captain W. F. Hanna, Dept. of National Defence (Air),
Commander D. K. MacTavish, Dept. of National Defence (Navy),
Lieutenant-Colonel J. G. Collinson, Dept. of Nat. Defence (Army),
Major R. G. C. Smith, Department of National Defence (Army),
Lieutenant J. S. Hodgson, Department of National Defence (Navy),
R. M. Macdonnell, Esq., Department of External Affairs,
J. J. Deutsch, Esq., Department of External Affairs,
G. Ignatieff, Esq., Department of External Affairs, Acting Secretary.

. . .

V. *Post-War Defence Arrangements with the United States*
(Paper submitted by the Army Representative)[1]

Colonel Jenkins explained that the paper had been circulated to the Planning Staffs of the other Services and it was now tabled for the consideration of the Working Committee, prior to submission to the Advisory Committee. He explained that it had treated the subject from a general standpoint and suggested that special studies might be made of various aspects of Canadian-United States defence relations later. The Chairman stated that the paper dealt with the subject comprehensively, but would require careful study by the Working Committee in view of its many implications, some of which were of a political nature, and he invited discussion. The following were some of the more important points made:

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[63]Le cabinet du Premier ministre./Prime Minister's Office.

It was felt that in the consideration of Canadian static defences after the war, attention should be given to the possible threat to Canadian security which might arise from the outside, and that Canadian defence policies would have to be oriented in relation to them. After the war it would be safe to assume that Germany and Japan would be incapable of aggression for some time. The paper should however, it was thought, take into account Canadian relations with the U.S.S.R., and especially defence problems arising out of the possibility of tension between the U.S.A. and the U.S.S.R., in which Canada, being sandwiched between the two, would inevitably be involved. Any Canadian defence policy would have to take this possibility into account, especially as regards defence installations in the Alaska region where the boundaries and strategic interests of Canada, U.S.A. and U.S.S.R. come together. There was full discussion of this point and it was agreed that the paper would require modification in the light of the discussion. It was also pointed out that in the consideration of defence installations it should be borne in mind that some of these could equally be given an offensive character. For instance, the defence facilities accorded to United States by Canada in the staging routes both in the North-East and North-West for the transport of aircraft to the scene of operations, were in reality used for offensive purposes, and it was essential that the granting of facilities under the special circumstances of this war should not be used as a precedent for future action in time of peace, if Canadian neutrality were not to be prejudiced. It was also felt that the role of the Permanent Joint Board of Defence should be more closely examined as the very fact of its existence might give rise to mistrust on the part of third powers who might not appreciate its defensive character.

At the conclusion of the discussion it was agreed that a Sub-Committee composed of Major R. G. C. Smith, Lieutenant J. S. Hodgson, Mr. R. M. Macdonnell and Mr. G. Ignatieff, should give further consideration to this paper in the light of what had been said at the meeting, and should submit a redraft[1] for the next meeting of the Working Committee.

**960.** DEA/7-ADs

*Extrait du procès-verbal de la 22e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract of Minutes of Twenty-second Meeting of Working Committee on Post-Hostilities Problems*

TOP SECRET [Ottawa] June 2, 1944

MINUTES OF THE TWENTY-SECOND MEETING OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS, HELD ON THURSDAY, JUNE 1ST AT 4:30 P.M. IN ROOM 123, EAST BLOCK

*Present:*

H. H. Wrong, Esq., Department of External Affairs, Chairman,
Group Captain W. F. Hanna, Department of National Defence (Air),
Commander D. K. MacTavish, Privy Council Office,
Lieut.-Col. J. G. Collinson, Department of National Defence (Army),
Major C. G. Smith, Department of National Defence (Army),
Lieutenant J. S. Hodgson, Department of National Defence (Navy),
G. deT. Glazebrook, Esq., Department of External Affairs,
R. M. Macdonnell, Esq., Department of External Affairs,
R. A. MacDougall, Esq., Department of External Affairs,
J. J. Deutsch, Esq., Department of External Affairs,
J. W. Holmes, Esq., Department of External Affairs, Secretary,
G. Ignatieff, Esq., Department of External Affairs, Acting Sec'ty.

. . .

VI. *Paper on "Post-War Defence Arrangements with the United States"*
(Consideration of a revision[1] made by the Sub-Committee of the Working Committee appointed at the meeting on Thursday, May 18th)

The Chairman stressed the importance of this paper and said that he would like to see most careful consideration given to it before it was submitted to the Advisory Committee and the Working Committee of the Cabinet. It would perhaps be advisable before proceeding with a detailed consideration of the paper to submit a brief statement of the premises on which the Committee was proceeding in the study of this subject for the approval of the Advisory Committee. It was agreed that a draft of such a statement would be prepared for the next meeting. After discussion of various aspects of the paper the Chairman invited members to send written comments on the second draft to the Secretary prior to the next meeting, and to reserve a detailed consideration of the paper as a whole until then. This was agreed.

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**961.** DEA/7-ADS

*Extrait du procès-verbal de la 24e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Minutes of Twenty-fourth Meeting of Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] June 17, 1944

MINUTES OF THE TWENTY-FOURTH MEETING OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS, HELD ON FRIDAY, JUNE 16TH, AT 4:30 P.M. IN ROOM 123, EAST BLOCK

*Present:*

H. H. Wrong, Esq., Department of External Affairs, Chairman,
Captain G. R. Miles, Department of National Defence (Naval Services),
Colonel J. H. Jenkins, Department of National Defence,
Group Captain W. F. Hanna, Department of National Defence (Air),
Commander D. K. MacTavish, Privy Council Office,
Lieut.-Colonel J. G. Collinson, Department of National Defence (Army),
Major R. G. C. Smith, Department of National Defence,
Lieut.-Commander J. S. Hodgson, Department of National Defence (Naval Services),
R. M. Macdonnell, Esq., Department of External Affairs,
G. Ignatieff, Esq., Department of External Affairs, Assistant Secretary.

. . .

V. *"Post-War Defence Arrangements with the United States"* (consideration of statement prepared of the premises on which the committee is proceeding in the state of this subject)

The Chairman reminded the members that at the last meeting it had been agreed to put forward a draft of the assumptions on which the Committee was proceeding with this study for agreement in the Working Committee, and later, for submission to the Advisory Commission with a request for guidance. Colonel Jenkins suggested that there were certain objections in this procedure. He felt that the preliminary paper,[1] which had been prepared for this purpose, proposed a number of questions on which the Advisory Commission would not be able to pass judgment without reference back to the Joint Planning Committee. Colonel Jenkins thought it better that a summary be prepared of the Working Committee paper on "Post-War Defence Arrangements with the United States," in its revised form, and that the Advisory Committee be asked for its views on the conclusions which had been reached.

The Chairman explained that the Working Committee studies on Post-War Defence Arrangements with the United States had to be fitted into the larger picture of Canadian defence problems, and that there was danger in considering various aspects of the problem in detail without higher guidance as to the general perspective of the Working Committee's studies. It was suggested that the preliminary paper had been prepared with this in view, but

it likewise contained the main conclusions of the paper on Post-War Defence Arrangements with the United States. After discussion it was agreed to give consideration to the preliminary paper in detail and to put it forward in the form of a statement of tentative conclusions. Certain amendments were proposed and agreed upon. It was also agreed that the revised version of the preliminary paper should be submitted at once to the Advisory Committee.

It was further agreed that the next meeting of the Working Committee would be held on Monday, July 3rd, at 4:30 when an oral reading will be given of Part I of the paper on "Post-War Defence Arrangements with the United States."[1] A summary of this Part would be circulated by the army representatives, together with any changes submitted by members before the next meeting.

**962.** DEA/7-ABS

*Le président, la Mission canadienne de l'état-major conjoint, Washington, au ministère de la Defense nationale*

*Chairman, Canadian Joint Staff Mission, Washington, to Department of National Defence*

[Washington] June 27, 1944

Dear J. [H. Jenkins],

Thank you for your note of the 22nd June[1] with which you sent me a copy of a preliminary paper on "Post-War Defence Arrangements with the United States."[64]

2. Perhaps I have tried to read this paper too quickly but some points in it I find a little confusing. For instance, at the end of Paragraph 2 you say that facilities in Canada will be required for both static defence and to meet aggression or the threat of agression outside North America. From this I presume you must be referring to transit rights for the despatch of United States forces abroad which I presume will require base ground forces, e.g., at Goose and the Northwest Air Staging Route, etc., as at present. Taking into account points made lower down in the paper, this will not mean U.S. occupation in time of peace, but on Canada's part, a freely given right to do so in the event of an emergency arising at some future time. This, as I see it, is rather a nice one and very much up to External Affairs to draft. As for the deployment of U.S. forces in Canada see my Para. 5 hereunder.

3. I find myself very much in agreement with the first part of your Para. 4, because on the conclusion of this war it should be fairly safe to presume that our present enemies will be rendered impotent for a long while to come. In this I think you will find yourselves opposing the American technique of assessing enemy capabilities as against our view of what the enemy will *probably* do. You will find people saying that the enemy is quite capable of despatching a

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[64]Pour le document original présenté au Comité de guerre du Cabinet, voir le document 966.
For the paper as presented to the Cabinet War Committee, see Document 966.

hundred, or a thousand, planes against Gander or White Horse. That is true, but my counter to that is "Will he?, i.e., are there reasonable grounds for assuming that he will?" If one guards himself against enemy capabilities everywhere you will soon exhaust your resources. As I see it, we shall be required in the post-war period to have permanent air forces at Goose, Gander and Tor Bay, and probably nucleus ground forces as well, but if we adopt the "ten year rule", as I imagine we shall, we shall require only the smallest of nuclei, provided we have in being more centrally located forces capable of rapidly being despatched to the outlying points. For example, if Germany concludes this war without a warship I do not think we shall need to maintain a coast defence battery (unit) at St. John's. If we put the present guns (or even modern equipment) at St. John's and Goose on a care and maintenance basis we shall have made ample provision, always provided that we maintain at Halifax or elsewhere, sufficient trained personnel adequate for the manning of this equipment at comparatively short notice.

4. I must say that I find it extremely difficult to agree with the idea contained in the last sentence of your conclusion (d).[65] The possibility of such a war in the northern Pacific strikes me as being extremely remote. I should imagine that the chances of a future war between the U.K. and Russia to be the more likely, though that too is remote. A contrary view appears to be held in External Affairs, but the reason for this entirely escapes me. The idea of Russia and the U.S. making war on each other across the wastes of Northeastern Siberia and Alaska strikes me as being somewhat far-fetched.

5. Holding these views, I am inclined to question the soundness of your conclusion (b).[66] I cannot imagine a situation arising within the foreseeable future which would require the United States to deploy forces in the northern half of this continent, namely Canada. Transit rights to Alaska I can see, but Canada proper and Newfoundland, including the Labrador, I think that we should entirely take on ourselves. I except of course, the presence of heavy U.S. naval units at Argentia. My feeling therefore is that we should not bring such ideas to the attention of our American friends, but on the contrary we should await their doing so (and I am not sure that they will) but from the very outset make it clear to them that actual Canadian defence will be undertaken by Canada.[67] And if you agree that the proper way to assess the risk to be probability rather than capability, I think you will conclude that there is no reason why the load should prove an onerous one. Only in this way shall we avoid being in a position of a "client state", an idea which some of our External Affairs friends do not like to contemplate. My view is that there is little risk of

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[65] *Ibid*, conclusion (c).

[66] Omis du document 966:/Omitted from Document 966:
"Joint planning between Canada and the U.S. will be concerned not only with the static defence of North America but may also deal with the facilities required for the deployment of North American forces in the northern half of the continent."

[67] Note marginale:/Marginal note:
yes.

the Americans attempting to put us in that position and if by any chance they did we should not have much difficulty in disposing of it.

6. One last point in this connection. During the past three years we have done a great deal for the United States without subjecting their proposals to really critical examination. There being a war on, as good neighbours and as little fellows, we were practically obliged to meet their requests and that speedily. As a result we and they have done a number of foolish things which are now a burden on our taxpayers. I think in future if cases of this kind again arise, we would be wise not to accept immediately but to observe that in our view, in which we have a certain measure of confidence, the proposal or request seems to be exaggerated and to resist their pressure and to suggest to them that they lower their sights.

MAURICE POPE

P.S. *Tiens, tiens.* An External paper freely taking into account Canadian relationship to the defence of the British Commonwealth and especially of Great Britain! Throw your mind back 8 years and when you have had a quiet chuckle throw it forward an equal period of time.

**963.** DEA/7-ADs

*Extrait du procès-verbal de la 25e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of Twenty-fifth Meeting of Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] July 4, 1944

MINUTES OF THE TWENTY-FIFTH MEETING OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS HELD ON MONDAY, JULY 3RD, AT 4:30 P.M. IN ROOM 123 IN THE EAST BLOCK.

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2. *Paper[1] on Post-War Defence Arrangements with the United States*

It was agreed that an oral reading of this paper be postponed until after the Advisory Committee had considered the preliminary paper. There followed a discussion on various aspects of the paper. It was suggested that there should be some modification of the emphasis on the prospect that U.S. defence planning would centre on the danger from the U.S.S.R. If war were to come between the United States and the Soviet Union, it would probably come as part of a world conflict and the fighting would take place in Asia or in Europe. It was suggested that the paper should include an estimate of the nature of the possible threat of attack on North America by the Soviet Union, assuming that the worst situation came about.

The post-war role of the Permanent Joint Board on Defence was considered. Mr. Wrong said that the Working Committee might try to define more carefully the nature of the Board's future role. There was general agreement that, even though the Agenda of the Board in the post-war period might be very small, it would be useful to continue it. The Board could at least provide a continuing means of exchanging information and a useful cover for discussions which might otherwise attract unwarranted attention. The Board would have some use, even if it were maintained purely for show.

The urgency of the strategic problems listed on page eleven of the paper[48] was raised. Mr. Wrong said that, even though the possibility of any attack on North America were dismissed for some years at least, nevertheless political questions had constantly to be decided which involved an appreciation of future defence problems. He cited political problems with regard to Newfoundland and Greenland as examples. In Mr. Wrong's view at the worst there might be some years of confusion in parts of Europe and Asia after the defeat of Germany and Japan; then again at the worst there might follow a period of exhaustion which might last a decade during which Canadian defence problems, aside from problems of maintenance, would be practically dormant. At the best, during this decade or so, an effective system of maintaining security would come into being, and the specific part of Canada in it would become clear.

It was decided to hold a further discussion of this subject at the next meeting, which will take place on Thursday, July 13th.

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[48]La note suivante était dans l'original:
The following footnote was in the original:

"(a) The defence of Newfoundland including Labrador.
(b) The Alaska Highway and the defences of Alaska.
(c) Air fields and staging facilities particularly across the North of Canada, such as the North West air staging route, the Mackenzie River and Crimson routes.
(d) Radar layout as a measure of air defence.
(e) Coastal defences and the maintenance of defended bases.
(f) Defence of Iceland and Greenland.
(g) The use of Canadian facilities by the armed forces of the United States and vice-versa — such as land and air transit rights.
(h) Exchange of technical information and cooperation in the use of new apparatus such as Loran and Ionosphere Stations.
(i) Defence of sea approaches in North America — defence of sea communications both on the Atlantic side and the Pacific."

**964.** DEA/7-AQs

*Extrait du projet du procès-verbal de la quatrième réunion du Comité consultatif sur les problèmes de l'après-guerre*

*Extract from Draft Minutes of Fourth Meeting of Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa,] July 4, 1944

MINUTES OF THE FOURTH MEETING OF THE ADVISORY COMMITTEE ON POST-HOSTILITIES PROBLEMS, HELD IN ROOM 125, EAST BLOCK, ON TUESDAY, JULY 4TH, [1944] AT 4.00 P.M.

*Present:*

N. A. Robertson, Under Secretary of State for External Affairs (Chairman)
Rear Admiral G. C. Jones, Chief of the Naval Staff,
Major General J. C. Murchie, Chief of the General Staff,
Air Vice Marshall J. A. Sully, representing the Chief of the Air Staff,
A. D. P. Heeney, Secretary of the Cabinet,
H. H. Wrong, Asst. Under Secretary of State for External Affairs,
Lieut.-Col. B. W. T. Gill, Secretary Chiefs of Staff Committee,
Commander D. E. MacTavish, Privy Council Office (Secretary),
J. W. Holmes, Dept. of External Affairs (Assistant Secretary).

. . .

2. *Post-War Defence Arrangements with the United States*

Mr. Wrong said that the Working Committee was preparing a study of post-war defence arrangements with the United States. They had prepared a preliminary paper which has been circulated to members of the Advisory Committee in order to know if the general way in which their minds were working was in agreement with the views of the Advisory Committee. This paper was read to the meeting.

Admiral Jones expressed objections to the reference in paragraph 4 to a ten year period during which, if certain conditions were fulfilled, there would be no danger of attack on North America. He thought that ten year year concept had been a fallacy of pre-war planning which persisted until 1939. He questioned also the advisability of including in a Service paper political judgments such as that expressed in the last sentence suggesting that the U.S.S.R. could not be in a position to take part in a war during the next decade.

The meeting agreed that the ten year period was a moving period which should be reviewed annually. It was not a time during which defences could be relaxed or forgotten because at the end of it they would have to be prepared for possible attack. It was agreed, therefore, to add to the second sentence in paragraph 4 the following: ". . .; it is recommended, however, that this period should be kept under constant review and should be modified or confirmed by the Government annually, in the light of the general international situation."

A typographical error in paragraph 5[49] was noted. The word "agreement" in line 4 should be "argument". In connection with paragraph 5(a) there was some discussion of the future of the Permanent Joint Board on Defence. The view of the meeting was that the Board should be considered "Permanent" and Mr. Heeney said that this was the view of the Government.

It was agreed that paragraph 5(b) should be struck out, as its purpose was sufficiently covered by 5(a).

After some discussion it was agreed to let 5(c) stand. It was not considered desirable at this stage to define whether the "international agreements" referred to in the last sentence included bilateral as well as multilateral agreements. The purpose of the paragraph was to leave a way open in case plans for United Nations bases materialized and it was considered that the provision of bases on these terms was preferable to strictly bilateral arrangements with the United States.

Objections were expressed to paragraphs 5(d) and (e) on the ground that they indicated susceptibility to a Russian bogey; and also on the ground that it was implied that Canada would have little part in making decisions as to her own policy. It was agreed, therefore, that the first sentence of paragraph (d) should be revised to state that requirements for the defence of Canada "will be influenced by decisions in Washington", rather than "will be in part determined by, etc." Mr. Robertson said that allowance would have to be made for psychological-political biases in the United States which would necessitate our taking actions which might not be strictly logical on purely strategical grounds.

It was agreed that as the last sentence of 5(e) begged certain questions concerning the relations between the Soviet Union and the Commonwealth, it should be revised to state that: "The maintenance of good relations between these two countries is therefore a matter of great importance to the defence of Canada."

The last part of paragraph (f), it was agreed, should read ". . . should fall into place as part of a world system of general security."

It was decided that the paper as revised should go to the War Committee with the explanation that it had been prepared by the Working Committee on P.H.P. and approved by the Advisory Committee; that it was still a preliminary review of the situation but guidance from the War Committee at this stage would enable the P.H.P. Committees to proceed further.

Mr. Robertson raised the question as to whether, in view of the references in the paper to a ten-year period with few risks of attack, it might not be well to point out that, although the dangers of involvement under headings (a) and (b) of paragraph 1, were small, there would be other important military commitments during that period, including obligations Canada might assume in a world security organization. It was decided, therefore, to insert a paragraph to this effect between paragraphs 4 and 5 and to circulate the

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[49]Paragraphe 6 du document 966./Paragraph 6 in Document 966.

revised paper to members of the Advisory Committee before sending it to the War Committee.

**965.** DEA/52-CS

*Mémorandum du deuxième secrétaire, le ministère des Affaires extérieures, au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from Second Secretary, Department of External Affairs, to Assistant Under-Secretary of State for External Affairs*

SECRET [Ottawa,] July 5, 1944

Attached is a memorandum from Mr. Escott Reid, sent to Mr. Macdonnell in comment on P.H.P. Working Committee's draft paper on "Canadian Defence Relationships with the United States".

Mr. Reid explains that the memorandum was originally prepared as a comment on the letter from General Pope to Colonel Jenkins of April 4th[70] on this subject and has been revised in the light of the Working Committee's paper.

It will be observed that Mr. Reid is inclined to discourage the idea of joint planning of post-war defence policies with the United States as there are too many unknown factors (at the present time).

He suggests, rather, that we should concentrate on helping in the establishment of a universal security system and then decide how multilateral defence arrangements might be fitted into this general scheme. The role of P.J.B.D. should likewise be considered in this context.

It seems to me that this line of argument invites a prolonged postponement on the part of Canadian Defence Departments to make a decision, even of a tentative nature, on the possible role, and consequently the form of Canadian defence forces after the war. Such a decision, it must be admitted, is exceedingly difficult in view of the unknown factors to which Mr. Reid refers and also because much of our planning to a large extent depends on decisions by the Great Powers.

However, it is at least not premature to apply the lessons of the present war to a consideration of the defence relationships between Canada and the United States in the next ten years or so. Of these, one of the most important is the development of close co-operation between the land, sea and air forces in mobile combat groups. The merging of land and air warfare seems to be particularly applicable to the problem of defence of North America with its great expanses and transport problems.

It seems to be especially important that this should be given consideration as it would affect decisions regarding the numbers of personnel, and the amount and types of equipment required in the post-war period in all three services, but especially in the army and air forces whose functions will inevitably become more closely inter-related in Canadian defence. The new techniques of army-air co-operation, moreover, would require a degree of training and skill which

[70]Voir le document 957./See Document 957.

could hardly be attained by militia personnel, which suggests another factor which would have to be considered.

The development in the technology of warfare also suggests that the references in the P.H.P. draft to static defence should be more clearly defined. There would, of course, be certain static defence installations, but it would seem undesirable to encourage thinking in terms of coastal defences and air bases being manned by units of the Canadian Permanent Force when the security of such bases could perhaps best be assured through the appropriate disposition of airborne and other mobile forces.

[GEORGE IGNATIEFF]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du premier secrétaire, l'ambassade aux États-Unis*

*Memorandum by First Secretary, Embassy in United States*

SECRET [Washington,] June 29, 1944

CANADA'S POSTWAR DEFENCE
RELATIONSHIP WITH THE UNITED STATES

1. The framework of our postwar security policy has been clearly laid down by the Prime Minister —

"The peace of the world depends on preserving on the side of peace a large superiority of power so that those who wish to disturb the peace can have no chance of success. . . [We must] aim at attaining the necessary superiority of power by creating an effective international system inside which the cooperation of all peace-loving countries is freely sought and given. . . a system which would involve for its effectiveness firm commitments by all peace-loving states to do their share in preserving peace". (January 31, 1944)

The course which the Canadian government should take in pursuing this security policy as defined by the Prime Minister is, I think, clear. We should first of all do our best to help in the establishment of a universal general security system. Then we should decide how far regional (multilateral not bilateral) security arrangements can wisely and usefully be fitted into that universal system. Only then can we decide whether there is any useful role for the P.J.B.D. to play. Since the Board is a permanent advisory body it will, in all likelihood, remain in existence but, if it has little or no useful role to play, it ought to become dormant.

2. In discussing the postwar role of the P.J.B.D. it is misleading to attempt to draw too close a parallel between the situation which existed in 1940-41, when Defence Plan ABC 22 was drawn up by the service members of the P.J.B.D., and the situation which is likely to exist after the war. Then the enemies were known. After the war the potential attackers on North America will not be known. We could, of course, draw up defence plans based on the possibility of attacks from Germany and Japan but this, it seems to me, if taken literally, is preparing for this war not the next. What would probably happen is that the

plans would be drawn up on the assumption that the U.S.S.R. was allied to either or both Japan or Germany.

3. It is just because the plans would be either remote from reality or drawn up on that assumption, that I think it would be dangerous for Canada to participate with the U.S. in framing them. "Could Canada, situated as she is geographically between the United States and the Soviet Union, and at the same time a member of the British Commonwealth, (of which the principal member, the United Kingdom, has a twenty-year treaty of alliance with the U.S.S.R.) for one moment give support to such an idea?"

4. Canada is a buffer state between the U.S.A. and the U.S.S.R. A buffer state becomes a client state if it makes bilateral defence arrangements with only one of its great neighbours. If we go in for bilateral arrangements, and wish to avoid becoming a client state of the United States, we will have to make bilateral arrangements with the U.K. and with the U.S.S.R. The better plan would be to make no bilateral defence arrangements but, if security arrangements are necessary and desirable beyond those contained in the overall international security organization, then to enter into a north Pacific regional pact (U.S.S.R., U.S.A., Canada and possibly China), and a north Atlantic regional pact (U.S.S.R., U.K., U.S.A., Canada and the Scandinavian countries).

5. It is dangerously misleading to attempt to oversimplify the problem by asking what could Canada do if the world-shaking tragedy of a U.S.-U.S.S.R. war occurred. By not becoming a client state of the U.S., by pushing for an effective international security organization and, if necessary, effective regional security organizations, we will make that tragedy less likely.

6. There are, of course, additional measures which we can suggest or initiate for removing possible causes of suspicion and friction between the U.S.A. and the U.S.S.R. We can, for example, take the positive step of supporting or, if necessary, initiating proposals for the formation of joint airline companies to fly the great strategic routes leading from the United States to the U.S.S.R. over Canada. We can take the negative step (already indicated by the discussions on Canol and on other U.S. defence projects in Canada) of refusing to the U.S. any continuing preferential postwar rights in defence facilities in Canada. We can cooperate intensively with the U.S.S.R. and the U.S.A. in joint studies of the problems of our Arctic regions. We can take every possible precaution against entering into U.S.-Canada fisheries arrangements in the north Pacific which would be repugnant to the U.S.S.R.

7. Speculation now on what our policy should or would be if a U.S. — U.S.S.R. war broke out would not serve any useful purpose. There are too many unknowns, too many contingencies. It is highly probable that public opinion in the U.K. would be badly split — mainly on class and party lines —, and hitherto Canadian public opinion has never become reasonably united on a declaration of war unless Great Britain was a belligerent. (This might not, however, continue to be true in a decade or two.) Europe might be largely pro-Soviet in its sympathies. This would have some effect on Canada. Public opinion in Canada would undoubtedly be divided, the war party securing

perhaps its greatest strength among those sections of the population which are least keen on this war. The kind of belligerent activities which would be conducted, at least in the early stages of the war, is largely unknown. They might conceivably be such that we could try to make Canada a chastity belt as the result of agreements with the U.S.S.R. and the U.S.A. The pressure in the U.S. to walk rough-shod over Canada would be great; but the U.S. would be restrained — especially in the early stages of the war — by the fear that by so doing they would risk exchanging the probability of "all support short of war" for the vitual certainty of sullen non-cooperation from a large part of the Canadian people. There is always some hope at the beginning of a war that saner counsels may prevail, and a Canada that remained neutral might be able to do something to assist in restoring reason in Washington and Moscow before the war had reached its final stage of competition in the utter destruction of what remains worth cherishing in this world.

[ESCOTT REID]

**966.** PCO

*Mémorandum du Comité consultatif sur les problèmes de l'après-guerre au Comité de guerre du Cabinet*

*Memorandum from Advisory Committee on Post-Hostilities Problems to Cabinet War Committee*

SECRET Ottawa, July 6, 1944

Post-War Defence Arrangements with the United States: Preliminary Report. The Advisory Committee on Post-Hostilities Problems presents for the consideration of the Cabinet War Committee the following preliminary report on post-war defence relations between Canada and the United States. This report is based on a paper prepared by the Working Committee on Post-Hostilities Problems which has been considered and revised by the Advisory Committee. The Working Committee has asked for guidance on the tentative conclusions expressed in this paper in order to assist them in more detailed studies.

1. This aspect of Canadian defence policy cannot be considered in isolation. There are three important lines of approach to the consideration of Canadian military policy after the war, each of which is closely related to the other two. These are:

(a) Canadian participation in the static defence of the North American continent;

(b) The Canadian relationship to the defence of the British Commonwealth and especially of Great Britain; and

(c) the military obligations which may be assumed by Canada as a member of the new world security organization.

2. Canadian defence arrangements with the United States relate especially to the first of these three aspects. If the plans are fulfilled to develop the present

alliance against Germany and Japan into a permanent security organization, in which the United States is an active partner, the third aspect will in part merge with the first, because the employment of facilities on Canadian territory, especially air and naval installations, will be essential in order to ensure the rapid deployment of forces from North America against an aggressor in Europe or Northeastern Asia. Hence, facilities in Canada will be required both for static defence and to meet aggression or the threat of aggression outside North America.

3. The connection between the defence of the British Commonwealth and Canadian defence arrangements with the United States is perhaps not as close. The common standards of training and equipment maintained by United Kingdom and Canadian forces, however, ensure that for a period of years at least Canadian military policy will be greatly influenced by developments in the United Kingdom, quite apart from the political considerations arising from membership in the British Commonwealth.

4. Long range planning must be based on an appreciation of the dangers of attack in the case of static defence and of the probable enemies in the case of a general war. It cannot be projected far into the future and it is suggested that a period of ten years from the defeat of Japan might be accepted as the basis for Canadian planning; it is recommended, however, that this period should be kept under constant review, and should be modified or confirmed by the Government annually in the light of the general international situation. Provided that complete victory is won and that it is followed by thorough disarmament of Germany and Japan, it may safely be assumed that there is no danger of attack on North America during the ten years after the war. Even if tension were to become acute between the U.S.S.R. and the U.S., the problems of recovery and development in the U.S.S.R. are so great that the possibility of warfare between these two Great Powers during the next decade is extremely remote.

5. Although on present prospects Canadian planning for the ten years after the war need not emphasize the possibility of attack on North America or of the outbreak of war between the U.S. and U.S.S.R., there will be considerable military needs to be met by the United Nations during all or part of that period. In the first place, the aftermath of the war may leave in parts of Europe and Asia conditions of local disturbance requiring the presence of Allied forces to prevent relapse into anarchy. Secondly, considerable forces will be needed for the policing of Germany and Japan so that the terms of surrender may be enforced. Thirdly, during that decade the new system of world security should be in process of development, and Canada and other countries will be expected to maintain military establishments large enough to make a proportionate contribution to the forces available for employment in the interests of general security.

6. Before a more comprehensive report is prepared on postwar defence arrangements with the U.S., it would be of assistance to ascertain whether the argument of paragraphs 1-5 is generally acceptable and whether the following preliminary conclusions are concurred in by the Cabinet War Committee:

(a) Canada and the United States will continue after the war to consult and cooperate on defence matters along the lines developed since the establishment of the Permanent Joint Board on Defence in 1940. The P.J.B.D. will be maintained as part of the machinery for joint defence planning.

(b) Canada will not be willing to permit the United States to provide and maintain defence installations in Canadian territory. Canada will itself provide, maintain and operate all such installations, with the possible exception of facilities installed by international agreement in special cases.

(c) Requirements in men, material, airfields, coastal defences, naval bases, radar, etc. for the defence of Canada will be influenced by the assessment in Washington of threats to North American security. The possibility of renewed aggression by Germany or Japan will be one factor in this assessment. It is not improbable, however, that the means of meeting possible attack by the U.S.S.R. will be an important element in defence planning in the United States.

(d) Because of this Canada may be subjected to pressure to undertake defence commitments of considerable magnitude which might become a source of friction between Canada and the U.S.S.R., as constituting a threat to the security of the U.S.S.R. Canadian defence arrangements with the United States will, therefore, be greatly influenced by the general character of the relations between the U.S. and the U.S.S.R.; the maintenance of good relations between those two countries is a matter of great importance to the defence of Canada.

(e) It is, therefore, greatly in the national interest that Canadian defence arrangements with the United States should fall into place as part of a general system of world security.

**967.** DEA/7-ADs

*Extrait du procès-verbal de la 26e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of Twenty-Sixth Meeting of Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] July 14, 1944

MINUTES OF THE TWENTY-SIXTH MEETING OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS HELD ON THURSDAY, JULY 13TH, AT 4:30 P.M. IN ROOM 123 IN THE EAST BLOCK

*Present:*

H. H. Wrong, Esq., Department of External Affairs, Chairman
Colonel J. H. Jenkins, Department of National Defence (Army)
Lt.-Colonel J. G. Collinson, Department of National Defence (Army)
Commander D. K. McTavish, Privy Council Office

Lt.-Commander J. S. Hodgson, Department of National Defence (Naval Services)
Sq./Leader L. H. Phinney, Department of National Defence (Air)
R. M. Macdonnell, Esq., Department of External Affairs
J. W. Holmes, Esq., Department of External Affairs Secretary
G. Ignatieff, Esq., Department of External Affairs, Assistant Secretary.

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4. *Post-War Defence Arrangements with the United States*

The Chairman invited Colonel Jenkins to inform the Committee of the result of his talks in Washington on this paper,† to which reference had been made by Colonel Collinson at the previous meeting. Colonel Jenkins explained that these were informal talks arranged by General Pope with representatives of the War and State Departments. He had learned that the War Department had prepared a paper playing down the possibility of a direct clash between the United States and the U.S.S.R. It was not thought that warfare between these two countries was likely, especially in the North West Pacific area, although it was admitted that there might be some friction, and political pressure leading to the increase of defensive military establishments in the North West Pacific area which would affect Canada. If any clash came it was more likely to arise out of a general war involving other countries also, in Europe or in Asia. The Chairman agreed with these views reported by Colonel Jenkins, but felt that it would not alter the fact that the planning of the Working Committee should take into account the possibility that requests might be made by the United States for increased defence facilities in the North West, arising out of political pressures or public agitation or as a form of strategic reinsurance. Discussion revealed agreement on this point.

The Chairman referred to the use of the word "static" defence in the paper and asked whether this covered plans for maintaining highly mobile forces, such as air-borne troops, for use in meeting possible attacks on national territory. The term "static" might give the impression that it related to the defence of naval and air bases by garrison establishments. Colonel Jenkins agreed that the use of this term might give rise to some misunderstanding, but explained that while certain naval bases, and more recently air bases, required local defence forces, the principal reliance was upon a general reserve which would be mobile. He agreed that this point might be made more clear.

The Chairman also referred to the question of postwar role of the Permanent Joint Board on Defence. There was some difference of opinion as to its usefulness. Discussion revealed that there was general agreement that the Board was particularly useful as a place where joint staff talks could be held in an informal manner, and that the Board's authority to make recommendations direct to the President and the Cabinet was also valuable in certain contingencies.

Colonel Jenkins suggested that the discussion of this subject at this and the previous meeting, as well as in the Advisory Committee, indicated that it might be advisable to start the paper afresh rather than to try a detailed revision of the existing draft. This was agreed, and also that a new draft of the paper would be prepared by the Service members for early discussion by the Committee.

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**968.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] July 19, 1944

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POSTWAR DEFENCE RELATIONS, CANADA-UNITED STATES

7. THE ACTING SECRETARY submitted a memorandum, copies of which had been circulated, from the Advisory Committee on Post-Hostilities Problems, on postwar defence arrangements with the United States.

The memorandum described considerations affecting the formulation of Canadian defence policy in North America for the period immediately following the war, and drew certain preliminary conclusions which, if approved, would be used as a base for further studies.

(Report to War Committee from the Advisory Committee on Post-Hostilities Problems, July 6, 1944 — C.W.C. document 823).

8. THE MINISTER OF NATIONAL DEFENCE pointed out that the memorandum assumed there would be no danger of an attack on North America for ten years after the war and suggested that the views of the U.S. Chiefs of Staff, on this point, be ascertained.

9. THE WAR COMMITTEE, after further discussion, agreed:

(a) that the views of the U.S. Chiefs of Staff, regarding the point raised by the Minister of National Defence, be ascertained;

(b) that the balance of the memorandum be approved, subject to the following amendment;

Paragraph 6 (c) to be omitted and subsequent paragraphs to read as follows:

"6 (c) Canadian defence arrangements with the United States will be greatly influenced by the general character of the relations between the U.S. and the U.S.S.R. The maintenance of good relations between those two countries is a matter of great importance to the defence of Canada.

6 (d) It is greatly in the national interest that Canadian defence arrangements with the United States should fall into place as part of a general system of world security."

. . .

**969.** DEA/52-Cs

*Le sous-secrétaire d'État aux Affaires extérieures au chargé d'affaires aux États-Unis*

*Under-Secretary of State for External Affairs to Chargé d'Affaires in United States*

SECRET Ottawa, July 19, 1944

Dear Mr. Pearson,

With your letter of June 29th† you enclosed a memorandum by Mr. Reid[71] commenting on a Report of the Working Committee on Post-Hostilities Problems of June 16th entitled "Post-War Defence Arrangements with the United States: Preliminary Paper." We were very glad to have these comments and we shall look forward to having your own views when you have time to put them down.

The Preliminary Paper of June 16th† was considered by the Advisory Committee on Post-Hostilities Problems at a meeting of July 4th. As a result of the discussions at this meeting, changes were made in the paper. These changes are explained in the minutes of the meeting of July 4th† which are being sent to you under separate cover. I am enclosing a copy of the Paper as it has been revised in the form of a memorandum for the Cabinet War Committee.

You will notice from the minutes of the meeting of the Working Committee of July 13th† that the point raised by Mr. Reid with regard to the use of the term "static defence" was discussed by the Committee. While the force of Mr. Reid's point was recognized, it was felt that the term "static defence" had a technical significance which made its use proper in this connection. The paper will have, of course, a very limited circulation. The insertion of a new paragraph 5 was intended to remove any illusions about the possibilities of passive security behind a "static" defence.

There is some reference in paragraphs 26 and 27 of the Paper of May 26th† to the problems concerned with the standards of training and equipment to be used in Canada. This is a matter of some importance, but it will, as you have noted in the margin, depend almost entirely on politico-defence relationships.

As for the possibilities of war between the three Great Powers in the next two years or so, it may be somewhat overconfident to describe them as

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[71] Pièce jointe, document 965./Enclosure, Document 965.

"extremely remote" but I am inclined to agree with your comment to the effect that a breakdown of good relations would mean isolation, for some years at least, because of general exhaustion and war-weariness.

In his comment number (2) on paragraph 5, Mr. Reid suggests that a P.J.B.D. with the Soviet Union might be established in order to prevent distrust in the U.S.S.R. of defence measures Canada might take as a result of her purely bilateral defence relationship with the United States. While in theory we should perhaps be prepared to establish similar relations with the Soviet Union to those established with the United States, it does not seem probable that in the near future the Soviet Union would be prepared to share with us its defence planning in the way in which the United States collaborates with us in the P.J.B.D.

As you will have learned from the Minutes of the meeting of the Working Committee of July 13th, a new version of the Paper on Defence Relationships with the United States is being prepared. We shall send you a copy of this when it is ready.

Yours sincerely,

H. H. WRONG
for the Under-Secretary of State
for External Affairs

**970.** DEA/52-Cs

*Télégramme de la Commission canadienne de l'état-major conjoint, Washington, au secrétaire, le Comité des chefs d'état-major*

*Telegram from Canadian Joint Staff Mission, Washington, to Secretary, Chiefs of Staff Committee*

JS. 101

SECRET IMPORTANT

Washington, August 5, 1944

COS from CJS. Your CSC TS 545 26 July.[1]

1. . . . Matter of Advisory Committee's tentative assumption has been informally discussed with:

(a) A U.S. member of the PJBD whose judgment merits respect. His general reactions was that the Canadian assumption has been drawn up somewhat conservatively.

(b) A member of the U.S. Strategic Survey Committee (a board of senior officers set up in 1942 to advise the US Joint Chiefs of Staff on both long and short-term strategic problems.) This officer's reaction was not unfavourable. He pointed out, however, that while the U.S. service and other authorities saw no reason whatever why within the predictable future, the United States and Russia should go to war with each other, there lurked in their minds the possibility of war breaking out between the United Kingdom and Russia in which circumstances the United States feared that they would once again find themselves drawn into a major war in support of the United Kingdom. Their appreciation of such a possibility was that both they and the United Kingdom would be thrown out of Europe and that in such circumstances, or in any circumstances the two great western powers would be unable to bring about the defeat of Russia. Speaking purely from himself the officer under reference said he would be prepared, as the saying goes, to go along with the tentative assumption though he thought it probable that the US Joint COS in their reply would qualify their agreement by inserting the immediately foregoing as a proviso.

(c) The Deputy Chief of Staff of a service department. His reaction was immediate and categorical. He thought it extremely unlikely that the U.S. Joint COS would be disposed officially to state their agreement with the tentative assumption. The United States services both were hoping and planning to make compulsory military service a feature of the postwar period. They certainly proposed to retain a powerful navy. As for their land and air forces they proposed to remain in a position which would enable them rapidly and at any time to mobilize an army and air force of four and one-half million men. To achieve this policy they would be dependent on Congress. This being so it would be most unwise on their part officially to subscribe themselves to the proposition that the possibility of a major war during the first decade of the postwar period was extremely remote. For if word of this ever reached the ears of Congress the hopes they now cherished and planned to achieve would be dashed against the rocks. We were left in no doubt whatever under this head.

2. . . . In these circumstances we suggest that the information requested in the last paragraph of your instructions under reference has in a fair measure been obtained and that you concur in this our suggestion that this question be not officially presented to the U.S. Joint COS.

**971.** DEA/7-ADs

*Extrait du procès-verbal de la 29e réunion du Comité de travail sur les problèmes de l'après-guerre*

*Extract from Minutes of Twenty-ninth Meeting of Working Committee on Post-Hostilities Problems*

SECRET [Ottawa,] August 26, 1944

MINUTES OF THE TWENTY-NINTH MEETING OF THE WORKING COMMITTEE ON POST-HOSTILITIES PROBLEMS HELD ON FRIDAY, AUGUST 25TH AT 4:30 P.M. IN ROOM 123 IN THE EAST BLOCK

*Present:*

H. H. Wrong, Esq., Department of External Affairs, Chairman
Colonel J. H. Jenkins, Department of National Defence (Army)
Lt.-Col. J. G. Collinson, Department of National Defence (Army)
Lt.-Col. R. G. C. Smith, Department of National Defence (Army)
Lt.-Commander J. S. Hodgson, Department of National Defence (Naval Services)
R. M. Macdonnell, Esq., Department of External Affairs
J. W. Holmes, Esq., Department of External Affairs, Secretary.

. . .

6. *Post-War Defence Arrangements with the United States*

(a) It was reported that most of the members of the Advisory Committee had agreed to accept General Pope's interpretation of the views of the United States' Chiefs of Staff on the prospect of a 10-year period during which there would be no danger of attack on the North American Continent. It was suggested that Commander MacTavish should secure the views of the Chief of the Naval Staff, who had not yet expressed an opinion, and then discuss with the Secretary of the War Committee an early report on the matter to the War Committee in order that the reservations placed upon the acceptance of the Advisory Committee's paper might be removed.

(b) The meeting proceeded to consider the Army paper[1] on defence arrangements with the United States.

Mr. Macdonnell suggested a revision of paragraph 22 on the P.J.B.D. in order to separate two points: (1) the desirability of coordination and (2) the machinery to carry it out. The meeting recommended that the drafting group consider the two paragraphs proposed by Mr. Macdonnell.

There was some further discussion concerning the Permanent Joint Board on Defence. Mr. Wrong said it was important to recognise that the Board was a piece of machinery and not a regional system of defence, as had been suggested in the paper. It was a useful piece of machinery, as it made it possible to thrash matters out at this level. Col. Collinson asked concerning the differences between discussions at this level and discussions through diplomatic channels. Mr. Wrong and Mr. Macdonnell described the difficulties of getting service people in Washington around a table in this way, especially in view of

the inter-departmental jealousies which existed. The suggestion had been made that civilians should be dropped from the Board. There was general agreement in the Committee that although it might be advisable to make changes in the present civilian chairmen, nevertheless it was useful to have the State Department and External Affairs represented. Mr. Wrong pointed out that it was useful to have the State Department and the United States service departments on the Board if for no other reason than that their representation made it necessary for the differences between the various departments to be worked out or at least exposed. It was agreed that the paper should include a recommendation that the Board continue to include representatives of the services and the respective foreign offices.

On the recommendation of Mr. Wrong and Mr. Macdonnell it was agreed to ask the drafting group to reconsider paragraphs 26 and 27 and paragraph 29-f. The advisability of reaching any specific conclusions in this study as to the relations which should exist between the Canadian and United Kingdom or other Commonwealth services was questioned. This whole subject was being considered in another paper[72] and should not be prejudged in a paper dealing with relations with the United States. In the course of the discussions, the view was expressed that a choice between close service relations with the United States and with the United Kingdom may not arise because closer service relations may be established between those two countries themselves. The desirability was also foreseen of arranging, among other things, for an interchange of personnel with staff colleges in both countries.

Lt. Commander Hodgson suggested that in paragraphs 5 and 6 some mention should be made of the view previously expressed that the danger of hostilities with Russia would be more likely to arise through the outbreak of war in Europe and Asia rather than in the form of a Russian attack upon North America.

Lt. Commander Hodgson also suggested changes in Paragraph 25 with respect to Newfoundland. In this paragraph it was stated that Canada should accept responsibility for the defences of Newfoundland and adjacent territories on a scale commensurate with the joint needs of Canada and the United States. The United States, however, had leased bases in Newfoundland, which were also in part a United States responsibility; some reference should be made to this fact. The Planning Group was asked to take this recommendation into consideration.

Mr. Wrong stated that he thought that a better case could be made for the continuance of military preparations in Canada during the 10-year "safe period" than was made in paragraph 4. He thought it better to connect the need in the immediate post-war period with (1) the uncertainty of conditions in Europe and Asia which might require some action even if not an engagement in a major war and (2) Canadian commitments to the world security organization.

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[72]Voir le document 782./See Document 782.

The advisability of referring to the 10-year "safe period" was raised. It was agreed that the meaning attached to this period should be carefully defined. Mr. Wrong suggested that it might be useful to establish a procedure by which every year some body similar to the Advisory Committee might send to the Government an assessment of the period during which there seemed to be little danger of war. This would be based both on diplomatic and military opinions.

Mr. Macdonnell said that paragraph 21[73] was a condensation of a much longer paragraph in a previous paper[†]. He though it might be expanded and proposed a draft revision.

**972.** DEA/7-AQs

*Extrait du procès-verbal de la cinquième réunion du Comité consultatif sur les problèmes de l'après-guerre*

*Extract from Minutes of Fifth Meeting of Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa,] October 25, 1944

MINUTES OF THE FIFTH MEETING OF THE ADVISORY COMMITTEE ON POST-HOSTILITIES PROBLEMS HELD IN ROOM 214, NEW POST OFFICE BUILDING
ON WEDNESDAY, OCTOBER 25TH AT 12:00 NOON

*Present:*

H. H. Wrong, Assistant Under-Secretary of State for External Affairs (Acting Chairman),
W. C. Clark — Deputy Minister of Finance,
A. D. P. Heeney — Clerk of the Privy Council,
Rear Admiral C. C. Jones — Chief of the Naval Staff,
Major General M. Pope — Military Staff Officer to the Prime Minister,
Col. J. H. Jenkins — Department of National Defence (Army),
J. W. Holmes — Department of External Affairs (Assistant Secretary).

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2. *Post-war Canadian Defence Relationships with the United States*

The meeting considered the Working Committee's report on "Post-war Defence Relationships with the United States: General Considerations"(C.P.H.P. (44) Report 5 Final).[74]

Mr. Wrong pointed out that this represented an elaboration of a previous short paper[75] which had been sent to the War Committee of the Cabinet by the Advisory Committee. Several amendments were suggested. Admiral Jones

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[73]«It follows that any action taken by Canada with the United States in regard to mutual defence should be within the principles of a world organization.»
[74]Pour le texte final du rapport, voir le document 978.
For the report in its final version, see Document 978.
[75]Document 966.

recommended that Bermuda and the West Indies be included in 2 (iii) of the Summary as places recognized as vital to the defence of the United States. Mr. Heeney suggested an amendment of 3 (d) of the Summary as well as paragraphs 18 and 21 (d)[76] of the Report. Canada at the time of the Bases Agreement[77] acknowledged that defence of Newfoundland and Labrador was an integral part of the defence of Canada. Canadian responsibility for the defence of their territories however, could not be treated on the same basis as responsibility for their defence of Canada, and the position of Newfoundland and Labrador should be the subject of a separate recommendation. The Committee agreed that after changes along these lines had been made, the Report should be submitted to the War Committee.

J. W. HOLMES
Assistant Secretary

**973.** DEA/52-Cs

*Le secrétaire, le Comité des chefs d'état-major, au secrétaire, le Comité consultatif sur les problèmes de l'après-guerre*

*Secretary, Chiefs of Staff Committee, to Secretary, Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa,] January 2, 1945

POST-WAR CANADIAN DEFENCE RELATIONSHIP WITH THE UNITED STATES: GENERAL CONSIDERATIONS

At the request of General Murchie, the Chiefs of Staff Committee, at their meeting of December 29th, gave some further consideration to paper CPHP (44) Report 5 (Final).

The discussion on this occasion was centered chiefly about two particular questions:

(a) Whether or not there was good reason for the assumption — "That for several years at least there will be no direct military threat to North America;" and,

(b) Should some reference be made to the continuing need for exchanging technical information on military research and development, and for the provision of suitable facilities for this purpose.

The Chiefs of Staff had individually felt some apprehension regarding the assumption referred to above. It will be recalled that Admiral Jones had mentioned this at the meeting of the Advisory Committee held on July 4th and, as a result of his objections, some modification of the clause in its original form was accepted. It was, moreover, chiefly this assumption which prompted Air Marshal Leckie, who had himself been unable to attend the meetings on July 4th and October 25th, to ask that there be further discussion of this paper

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[76]Voir le document 978, paragraphes 19 et 23(d).
See Document 978, paragraphs 19 and 23(d).
[77]Grande-Bretagne:/Great Britain: *Treaty Series*, 1940, No. 21.

before it was finally approved for submission to War Committee. When, therefore, the matter of reference to the exchange of technical information was put forward, the Chiefs of Staff took the opportunity of re-examining other passages of the paper and, as a result, they agreed that the assumption in question was not an essential part of the paper and would be better omitted. Accordingly, I have been instructed to convey the suggestion to the Advisory Committee on Post-Hostilities Problems that paper CPHP (44) Report 5 (Revised Final) be amended in the following manner before it is put before War Committee for their approval,—

(a) Delete para 1 (ii), page 1.

(b) *Add at end of para. 3,*[78] *page 2*

It is necessary, however, that the means to meet any such threat should be available during this period.

(c) *Add as sub-para (g) to para 3, page 1, and to para 21,*[79] *page 6*

that the exchange of technical information on Military research and development between Canada and the United States should continue and that Canada should maintain the means of making an effective contribution to such exchange.

(d) *Add as a new para 20 after para 19,*[80] *page 5*

Since the basis for exchange of technical information must be mutual, it is necessary that adequate technical establishments staffed by well-trained scientists and research personnel be maintained in Canada, capable of undertaking independent research and development of a high quality, the results of which would be available as a basis for the exchange of such information.

(e) Re-number paras 20 and 21 to 21 and 22[81] respectively.

EVAN W. T. GILL

**974.** DEA/52-Cs

*Le sous-secrétaire d'État associé aux Affaires extérieures au secrétaire du Comité de guerre du Cabinet*

*Associate Under-Secretary of State for External Affairs to Secretary, Cabinet War Committee*

SECRET Ottawa, January 3, 1945

You will doubtless see the memorandum which the Secretary of the Chiefs of Staff Committee sent to the Secretary of the Advisory Committee on P.H.P. on January 2nd concerning the paper before the War Committee on defence relationships with the United States. I think that the amendments proposed by the Chiefs of Staff Committee are not in substance open to objection but that

[78] Voir le document 978, paragraphe 4./See Document 978, paragraph 4.
[79] *Ibid.*, paragraphes 3(g) et 23./*Ibid.*, paragraphs 3(g) and 23.
[80] *Ibid.*, paragraphe 21./*Ibid.*, paragraph 21.
[81] Paragraphes renumérotés 21, 23./Re-numbered paragraphs 21, 23.

some change in form is needed to two of them for drafting reasons. The amendments numbered (c) and (d) and the consequential amendment (e) are in my opinion improvements to the paper and should certainly be incorporated. Amendment (b) to paragraph 3 on page 2 of the paper, however, seems illogical as drafted. The paragraph states that "it may be assumed that for several years there will be no direct military threat to the North American continent" and the Chiefs of Staff propose that an additional sentence should be added saying that we must make available the means "to meet any such threat." I suggest that the second sentence of this paragraph be amended to read as follows: "Whether or not this is so, for several years any direct military threat to the North American continent is unlikely in view of the exhaustion and war weariness of the nations of the world." Then the addition suggested by the Chiefs of Staff can follow at the end of the paragraph.

Following on this I think their amendment (a) which proposes the omission of any reference to this assumption in the summary on page 1 might also be revised. Instead of omitting paragraph 1 (ii) entirely it might be changed to read "that for several years at least a direct military threat to North America is unlikely."

It is relevant, however, to point out that in the short paper which was approved by the War Committee last June or July called "Post-War Defence Arrangements with the United States — Preliminary Paper"[82] the following sentences appeared in paragraph 4.

"Provided that complete victory is won and that it is followed by thorough disarmament of Germany and Japan, it may safely be assumed that there is no danger of attack on North America during the ten years after the war. Even if tension were to become acute between the U.S.S.R. and the U.S., the problems of recovery and development in the U.S.S.R. are so great that the possibility of warfare between these two Great Powers during the next decade is extremely remote."

H. H. WRONG

**975.** DEA/52-Cs

*L'officier d'état-major auprès du Premier ministre*
*au sous-secrétaire d'Etat associé aux Affaires extérieures*

*Military Staff Officer to Prime Minister*
*to Associate Under-Secretary of State for External Affairs*

SECRET [Ottawa,] January 4, 1945

I duly transmitted a copy of your note to Mr. Heeney of the 3rd of January,[1] concerning the proposed amendments to the P.H.P. paper on Defence Relationships with the United States, to the Chiefs of Staff and their observations thereon have now been received.

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[82]Document 966.

2. I think their views can best be summed up by quoting the remarks of Air Marshal Leckie, who has written

"I still feel that there is grave danger in accepting as an assumption for Post-War planning any statement which suggests that there will not, or might not, be any military threat to North America over a period of time after the close of hostilities. However, as there appear to be strong opinions to the contrary, and as the changes suggested by Mr. Wrong constitute a compromise, I am prepared to accept these changes to the recommendations made by the Chiefs of Staff Committee."

3. I should not fail to add in this connection that General Murchie telephoned me to say that he was prepared to agree with your version provided the sentence, "It is necessary, however, that the means to meet any such threat should be available during this period," be also included at the end of para 1 (ii) in the summary of the paper in question.

4. As you are aware, Mr. Heeney desires to include this item in the agenda for next Monday's meeting of the Cabinet War Committee and to circulate the agenda and relevant papers by 12 o'clock noon tomorrow. If you are agreeable to General Murchie's further amendment, might 14 copies of the revised paper be furnished Mr. Heeney by then.

MAURICE POPE
Major-General

**976.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] January 8, 1945

. . .

POSTWAR DEFENCE RELATIONSHIPS WITH THE UNITED STATES

8. THE SECRETARY, referring to a report of the Advisory Committee on Post-Hostilities Problems on this subject, recalled that consideration of this paper had been deferred so that members of the War Committee might have further time for its examination.

Meantime, at the request of the Minister of National Defence, an amendment had been made so as to provide for the exchange of technical information on military research and technical development between Canada and the United States. Copies of the report had been circulated.

(Committee's report — C.P.H.P. (44) report (final — second revision) Jan. 4, 1945 — C.W.C. document 917).†

9. THE PRIME MINISTER made a number of suggestions for amendment of certain passages in the report.

Insufficient emphasis had been given to the importance of Canada's positive contribution to peace in fostering and maintaining good international relations. This was a central principal of Canadian external policy; we were too small and vulnerable to rely solely on defence arrangements.

The "permanency" of the Permanent Joint Board on Defence had already been recognized. Reference to the Board's continuance should accord with this decision. Alterations should also be made in the references to responsibility for Newfoundland defence and in the conclusion concerning possible sources of friction.

10. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS pointed out that the object of the paper was generally to indicate objectives which, in the opinion of the government's advisers, constituted desirable elements of Canadian policy on this subject. The conclusions of the paper were submitted, not as a basis for present commitments but rather as a delineation of policy upon which departments might formulate specific proposals at a later stage.

11. THE MINISTER OF NATIONAL DEFENCE stressed the importance of technical research in the military sphere in collaboration with the United States. The Department was very anxious to obtain a definition of policy in this respect.

12. THE WAR COMMITTEE, after further considerable discussion, agreed that the paper be referred back to the Advisory Committee for revision in the light of the observations made, and that, thereafter, it be submitted to the Cabinet for consideration.

977. DEA/7-AQs

*Extrait du procès-verbal de la septième réunion du Comité consultatif sur les problèmes de l'après-guerre*

*Extract from Minutes of Seventh Meeting of Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa,] January 12, 1945

MINUTES OF THE SEVENTH MEETING OF THE ADVISORY COMMITTEE ON POST-HOSTILITIES PROBLEMS HELD ON FRIDAY JANUARY 12TH, IN ROOM 123 IN THE EAST BLOCK

*Present:*

N. A. Robertson, Esq., Department of External Affairs, Chairman,
Lt. General J. C. Murchie, Chief of the General Staff,
Captain Harold Grant, representing Chief of the Naval Staff,
Air Vice-Marshal J. A. Sully, representing Chief of the Air Staff,
Major General Maurice Pope, Privy Council Office,
W. C. Clark, Esq., Deputy Minister of Finance,
A. D. P. Heeney, Esq., Secretary to the Cabinet,
H. H. Wrong, Esq., Department of External Affairs,
Captain D. K. MacTavish, Privy Council Office (Secretary),
Lt. Col. E. W. T. Gill, Secretary, Chiefs of Staff Committee,
G. Ignatieff, Esq., Department of External Affairs, Assistant Secretary.

. . .

2. *Post-war Canadian Defence Relationship with the United States: General Considerations, C.P.H.P. (44) Report 5 (Final Second Revision), January 4th*[1]

The Chairman invited Mr. Heeney to summarize the views of the War Committee on this paper. Mr. Heeney explained that there had been no disposition on the part of the War Committee to disagree with the main contents of the Report. There was some doubt, however, as to the purpose of this paper. It was not clear whether it was intended to recommend certain commitments to be accepted by the Government, or to be a general statement of policy. The Prime Minister, moreover, had expressed the view that Canada could not depend on defence arrangements for their security, but must primarily rely on the establishment of an international system of security. Emphasis, therefore, should be placed on the Canadian contribution to the peaceful settlement of international problems.

The Chairman explained that the paper was intended to recommend a general line of policy and not to furnish a basis for specific commitments. The appropriate Departments would have to work out recommendations with respect to the application of proposals covered in a general manner in the paper. He thought that it might be necessary to prepare a covering paper containing a projection of the long-range political considerations governing Canadian external policy, and that the specific studies on defence relationships with the United States, the Commonwealth, etc. would have to be related to

this paper. This would bring these P.H.P. studies into better perspective and explain their purpose.

General Pope raised the question of the time element and the priority to be allotted to the respective studies, and wondered whether, for instance, the United States and Newfoundland papers would be held up pending the preparation of the covering paper, which might take as much as six months. Mr. Wrong thought that the covering paper need not take as long as six months; he also suggested that perhaps an appropriate amendment of the United States defence paper might meet the Prime Minister's point, so that the paper could be promptly approved. General Pope read out a suggested amendment which he thought might be included as paragraph two of the Introduction, the ensuing paragraphs to be renumbered. It was agreed that an amendment along these lines should be included.

Mr. Heeney said that another point to which the Prime Minister referred related to the Permanent Joint Board on Defence. The permanence of this body was not in question, and this should be made clear in the paper. Accordingly paragraph 22(b) of the Conclusions[83] was amended to read that the Permanent Joint Board on Defence "will continue to be a valuable means of . . .;" instead of "should be retained as a valuable means . . .," other relevant passages in the paper to be amended accordingly.

As regards the other conclusions of the paper, Mr. Heeney said that it was thought that 22(c) might require modification. The possibility of friction with the United States arising out of differing views towards matters within the Continent should not be ruled out. Mr. Wrong pointed out that this conclusion was intended to summarize paragraphs 4 and 15[84] which made the point rather more clearly. It was agreed that this conclusion should be redrafted to accord more closely to these paragraphs, and also to bring out the possibility of intra-continental sources of friction as well as extra-continental sources.

As regards (d) it had been felt that, as stated, this conclusion and the relevant paragraph 18[85] seem to inflate the importance of local defence in relation to the defence of Canada. Here again it was important to bring out the dependence of Canada on an effective general system of security and its relations with other countries, especially the United States and the United Kingdom. It was agreed that appropriate revision would be made.

It had been felt in the War Committee that paragraph (e) seemed to imply that Canada would accept full and exclusive responsibility for the defence of Newfoundland. As this was not intended, it was agreed that the word "local" should be added before "defence" in the second line of this sub-paragraph. Similar amendments should be made in the relevant passages of the paper, including 3 (e) of the summary. It was agreed that conclusions (f) and (g) should remain unchanged.

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[83]Le paragraphe 23 du document 978./Paragraph 23 of Document 978.
[84]*Ibid.*, paragraphes 15 et 16./*Ibid.*, paragraphes 15 and 16.
[85]*Ibid.*, paragraphe 19./*Ibid.*, paragraph 19.

Finally it was agreed that in addition to the amendments noted, an explanation of the purpose of the paper should be added. Also wherever the word "must" occurred in the recommendations in the paper the word "should" ought to be substituted. It was agreed that Captain MacTavish and Mr. Ignatieff, in consultation with General Pope, should make a revision of the paper in the light of the discussion, and that this paper, together with the one on Post-war Defence of Newfoundland and Labrador,[86] should then be submitted to the War Committee.

**978.** DEA/52-Cs

*Rapport final du Comité consultatif sur les problèmes de l'après-guerre*

*Final Report of Advisory Committee on Post-Hostilities Problems*

SECRET [Ottawa, January/February 1945]

SUMMARY

1. The paper is based upon the following assumptions:—

i. It may be assumed that international problems arising from purely Canadian-United States relations are unlikely to bring about a conflict of policies serious enough to prejudice general friendly relations and that, therefore, any threatening difference of view would only be occasioned through differing attitudes towards events in other parts of the world. The possibility, however, of the United States being moved to exert undue pressure on Canada, particularly as respects matters of defence, should not be overlooked.

ii. That for several years at least a direct military threat to North America is unlikely, although the means to meet such a threat should be available during this period.

iii. That the victor nations, including the United States, will maintain larger armed forces than before the war to enforce peace.

2. The present war has brought about the following developments:—

i. Opinion in both countries has gone far towards recognizing that the two oceans no longer provide full protection for North America and that the ultimate security of the continent depends on the maintenance of peace in Europe and Asia.

ii. Adequate protection against air-borne attacks, — especially from the North, Northeast and Northwest, — has become an essential part of North American defences.

iii. The defence of Canada, Newfoundland, Alaska, Greenland, Iceland, Bermuda and the West Indies is recognized as vital to the defence of the United States.

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[86]Canada, *Documents relatifs aux relations entre le Canada et Terre-Neuve*, volume I, pièce jointe, document 943.
Canada, *Documents on the Relations between Canada and Newfoundland*, Volume I, enclosure, Document 943.

iv. Neither Canada nor the United States is likely to reduce its defences to the pre-war level.

3. It is concluded:—

a. that the defences of Canada should be closely coordinated with those of the United States after the war;

b. that the Permanent Joint Board on Defence will continue to be a valuable means of facilitating this co-ordination;

c. that relations between the United States and the U.S.S.R. are of special concern to Canada;

d. that in joint planning with the United States, Canada should accept full responsibility for all such defence measures within Canadian territory as the moderate risk to which we are exposed may indicate to be necessary;

e. that Canada should continue to accept responsibility for the local defence of Newfoundland and Labrador, and that the part of the United States in the defence of these territories should be limited to the operation of their leased bases in Newfoundland;

f. that the new vulnerability of this Continent necessitates the maintenance of larger Canadian armed forces than before the war;

g. that the exchange of technical information on military research and development between Canada and the United States should continue and that Canada should maintain the means of making an effective contribution to such exchange.

*Introduction*

1. In view of the disparity between Canada's military strength and that of the Great Powers, the governing principle of Canadian policy should be to continue to foster and maintain good international relations, generally between all nations, particularly with the United States. Any policy which would create unfriendliness between the United States and Canada would, in the long run, be inimical to Canadian interests.

2. Although it is not possible at this stage to foretell the exact conditions under which Canadian-United States defence relations will operate in the post-war period, enough data are available to indicate the broad outline of the problems which Canada will be required to face.

3. It may be assumed that international problems arising from purely Canadian-United States relations are unlikely to bring about a conflict of policies serious enough to prejudice general friendly relations, and that, therefore, any threatening difference of view would only be occasioned through differing attitudes towards events in other parts of the world. The possibility, however, of the United States being moved to exert undue pressure on Canada, particularly as respects matters of defence, should not be overlooked.

4. It is probable that after the war, a world security organization will be set up. Whether or not this is so, for several years any direct military threat to the North American continent is unlikely in view of the exhaustion and war

weariness of the nations of the world. It is necessary, however, that the means to meet such a threat should be available during this period.

5. Nevertheless, the victor nations will have to retain considerably larger armed forces than before the war to police Germany and Japan, and to provide a reserve capable of maintaining peace, by force if necessary. The policy of any future world organization for the preservation of peace is certain to be based on military action as a last resort, but to be effective this instrument must be ready for instant use when required. There appears to be general agreement that the maintenance of adequate forces by the victor nations must be an essential element in the world security system.

6. It may [be] assumed, therefore, that, although there will be virtually no risk of general war for some years, military preparation within the United Nations will not be allowed to fall into neglect, and that the United States will not again allow its military power to become so far out of step with its world interests as before this present war.

*Current Situation*

7. In the past, Canadian "defence" planning has been based on a strong British Navy, and on the premise that the United States would be a benevolent neutral if not an ally in the event of Canada being at war. Developments of this war have not changed these two fundamentals, but other factors have come into being necessitating a review of certain aspects of Canada's defence planning particularly vis-à-vis the United States.

8. Because of the belief in the immunity of attack to the North American continent provided by the Atlantic and Pacific Oceans, and the control exercised by the British and United States Navies, planning for defence against attack on the United States or Canada was considered of minor importance. Both countries could count on adequate time to prepare for war after the actual outbreak of hostilities. While these conditions held, there was no liaison between Canada and the United States for mutual defence planning — there was no apparent need for it.

9. The present war has changed these conditions, and the defence problems of Canada and the United States must now be considered as inter-dependent. While it may be held that the East and West coastal areas are still relatively immune from major attack (as long as the British and United States Navies are in being, which will continue to be a basic assumption), the development of air power has diminished the physical isolation of the North American continent by opening up the northern approaches. Defence planning must be re-oriented to take this into account.

10. Canada, lying across the shortest air routes from either Europe or Asia, has now become of more direct strategic importance to the United States. Consciousness of the need for close co-ordination in defence began to grow even before the war, but it was the fall of France that forcibly brought to the fore the need for practical action. Thus, at a time when the defeat of Britain seemed possible, and with Canada at war but the United States at peace, the Canada-United States Permanent Joint Board on Defence was established.

11. The essential importance of Newfoundland and the Maritimes to the security of both Canada and the United States was fully recognized in the earliest meetings of the Board. At the first meeting, as a direct result of its recommendations, Canada agreed to despatch further forces to Newfoundland and to undertake further defence measures there. One of the main topics of the second meeting of the Board was the defence of the Maritime Provinces. Eventually, following the recommendation of the Board, a joint defence plan was evolved by the Service members and accepted by the Governments of both countries.

12. Nearly all the tasks set out in this plan involved measures to be implemented in Canada, Newfoundland and Alaska. It is possible that if Canada had not been able to carry out the defence measures required on Canadian territory the United States would have done so, even though the United States was not then at war.

13. This attitude of the United States became more apparent after the entry of that country into the war. If Canada had refused or failed to undertake projects which formed part of United States plans (such as the Crimson Air Staging Route), or measures in Canadian territory for the special protection of the United States (e.g. the Radar Chain across Northern Ontario to protect industrial installations in the mid-continent), the United States was willing and even anxious to proceed alone. As time went on, it became increasingly apparent that the existence of major military installations in Canada built, paid for and operated by the United States might impair Canada's freedom of action. This difficulty has been mitigated, if not eliminated, by the Canadian Government's decision, agreed to by the United States, to reimburse the United States for construction costs of all airfields and certain other facilities of continuing value erected in Canada by the United States.

14. Thus, developments in the present war have brought about a new set of defence relationships between Canada and the United States of which the following are the most significant:

(a) Opinion in both countries has gone far towards recognizing that the two oceans do not provide full protection for North America from attack, and further that the ultimate security of the continent depends on the maintenance of peace in Europe and Asia.

(b) Both the United States and Canada have accepted the fact that in addition to protection against seaborne attack they must have adequate protection against airborne attack, especially from the North, Northeast and Northwest.

(c) Canada along with Newfoundland, Alaska, Greenland, Iceland, Bermuda and the West Indies will continue to be vital to the defence of the United States. As aviation develops the northern routes will increasingly become world commercial highways. By the same token they will become potential routes for hostile powers with designs against the United States, and could conceivably be used by the United States for offensive purposes.

(d) Although no immediate threat of attack may be discerned, neither country is likely again to reduce its defences to the pre-war level.

*Canadian Defence Policy in the Post-War Period*

15. In the circumstances, the United States may be expected to take an active interest in Canadian defence preparations in the future. Moreover, that interest may be expressed with an absence of the tact and restraint customarily employed by the United Kingdom in putting forward defence proposals. Pressure along these lines will doubtless develop in accordance with the trend of United States post-war foreign policy. It is unlikely that isolationism in the United States will return to its traditional form, but is quite possible that it may develop as a militant form of continental defence-mindedness. If such is the case, the pressure on Canada to maintain defences at a higher level than would seem necessary from the point of view of purely Canadian interests might be very strong.

16. Since Canada lies astride the overland route between the United States and the U.S.S.R., any serious deterioration in their relations would be embarrassing to Canada. The best hope of Canada being able to avoid such embarrassments lies in the establishment of an effective world security organization in which the leading military powers actively co-operate to secure jointly the settlement of international disputes.

17. Whether there is a security organization or not, it is clear that defence planning for Canada and the United States should be co-ordinated. This co-ordination, which would in fact constitute a regional defence system, would not conflict with the purposes of the world security organization, but would take its place as part of a plan of universal security. In this way one part of the world would be better provided against outside attack, and would be available as a safe base from which punitive operations might be launched against a country attempting to break the peace.

18. To facilitate this co-ordination the Permanent Joint Board on Defence is an appropriate piece of machinery. Through the Board, representatives of two countries (the one great and the other relatively weak) meet together on an equal footing. It is quite conceivable that in the post-war period there may not be a great deal for the Board to do. Nevertheless, its mere existence is a useful public symbol of the mutual confidence which exists between Canada and the United States. Moreover, there is a great advantage in having available a body that can consider potentially controversial questions of defence before government policy in either country has become fixed. The Board will continue to be available to recommend joint defence plans, and as an agency to facilitate discussion and exchange of information.

*Implications of the Policy*

19. While the actual defence measures that will be required cannot be discussed at this point, there can be no doubt that, with or without world security obligations, Canada will be required to carry a greater peacetime defence commitment than ever before. It seems clear that in future it should be part of our policy to accept full responsibility for such measures of local

Canadian defence as the moderate nature of the risk to which we are exposed may indicate to be necessary. Furthermore, the general responsibility of Canada for the local defence of Newfoundland and Labrador has been recognized and accepted by the Canadian Government during the war as an inevitable consequence of their geographical proximity. It is desirable that the role of the United States in these territories should be limited to the security of their leased bases, particularly at Argentia and Stephenville, from the first named of which the more extended defence of the North-West Atlantic would be carried out.

20. This closer tie-up with the United States need not conflict with the Canadian tradition of basing military policy and training upon British practice. However, if Canada and the United States are to be efficient in the defence of North America, common experience between the national forces will be desirable in time of peace (e.g. the pooling of information and possibly the carrying out of occasional joint exercises).

21. Since the basis for exchange of technical information must be mutual, it is necessary that adequate technical establishments staffed by well-trained scientists and research personnel be maintained in Canada, capable of undertaking independent research and development of a high quality, the results of which would be available as a basis for the exchange of such information.

22. This closer liaison with the United States is in no sense an isolationist policy. If any single lesson has emerged from the present conflict, it is that no nation can ensure immunity from attack merely by erecting a defensive barrier around its frontiers. Canada's first lines of defence at the present time extend far out into the Pacific in the West and to Europe in the East. With the growth of air power, frontier defences have become less significant. It is not intended that Canada should base its defensive policy exclusively on collaboration with the United States. On the contrary, it is considered that Canada should accept a fair share of responsibility, in an international security organization along with the other Nations both inside and outside the Commonwealth.

## CONCLUSIONS

23. It is concluded, therefore:

(a) that the defences of Canada should be closely co-ordinated with those of United States in the postwar period;

(b) that the Permanent Joint Board on Defence will continue to be a valuable means of facilitating this co-ordination and also as a medium for the informal discussion of mutual defence problems;

(c) that the source of major friction between Canada and the United States is more likely to grow out of differing views towards events outside this Continent. Particularly in view of Canada's geographic position astride the overland route between the U.S.A. and the U.S.S.R., Canadian defence arrangements with the United States will be greatly influenced by the general character of the relations between the U.S. and the U.S.S.R.;

(d) that in joint defence planning with the United States, Canada should accept full responsibility for all such defence measures within Canadian territory as the moderate risk to which we are exposed may indicate to be necessary;

(e) that Canada should continue to accept responsibility for the local defence of Newfoundland and Labrador, and that the part of the United States in the defence of these territories should be limited to the operation of their leased bases in Newfoundland;

(f) that because of the new vulnerability of the North American continent, quite apart from any obligations under a world security organization, Canada must accept increased defence responsibilities and maintain larger armed forces than before the war;

(g) that the exchange of technical information on military research and development between Canada and the United States should continue and that Canada should maintain the means of making an effective contribution to such exchange.

**979.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract of Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] February 28, 1945

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POSTWAR DEFENCE RELATIONSHIPS WITH THE UNITED STATES

11. THE SECRETARY submitted a final report of the Advisory Committee on Post-Hostilities Problems revised by the Advisory Committee in the light of the observations made by the War Committee at the meeting of January 8th. Copies of the revised report had been circulated.

(Secretary's note, Jan. 23, 1945,[1] and attached final report of Advisory Committee — C.W.C. document 928).

12. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, commenting on the report, pointed out that its acceptance by the War Committee would not imply specific commitments on the part of the government. It represented, rather, an analysis and appreciation of the principal factors involved.

The lines of policy recommended therein were consistent with the successful establishment of the proposed international security organization.

13. THE MINISTER OF NATIONAL DEFENCE observed that the report indicated a general orientation of policy, approval of which would be of great assistance to the Services in guiding their postwar planning and ensuring that such planning was done on a uniform basis. All Service recommendations based thereon would, however, have to come before the War Committee for approval.

14. THE WAR COMMITTEE, after further discussion, approved the report submitted.

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**980.** DEA/52-Cs

***Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures au Premier ministre***

***Memorandum from Acting Under-Secretary of State for External Affairs to Prime Minister***

SECRET [Ottawa,] June 18, 1945

PERMANENT JOINT BOARD ON DEFENCE

In your talks with the President,[87] it may be that the Board will be discussed. You may therefore wish to have a note on the recent meetings held on June 14 and 15.

2. In addition to a number of routine matters there were two items of considerable long range interest raised by the United States Section:

(1) *Continental defence value of the Canadian Northwest.* The Journal reads:

"General Henry read a statement which initiated a general discussion of the continental defence value of the Canadian Northwest. It was noted that preliminary studies of this question were being undertaken by interested authorities of both governments and that concrete questions under this heading might be presented to the Board for consideration. It was the opinion of the Board that the studies being made were timely and of direct interest to it and that it might be profitable to discuss aspects of this matter further at future meetings."

It was clear from General Henry's presentation that the United States may in future decide to request Canada to undertake defence responsibilities, chiefly with respect to the Northwest Staging Route and related weather and communication facilities, which would give the United States a secure overland air link with their defences in Alaska and the Aleutians.

(2) *Post-war collaboration.* The Journal reads:

"The Board held a general discussion on the subject of closer postwar collaboration between the Armed Forces of the two governments. There was general agreement that it would be desirable to provide for combined Canada-United States staff talks at a future date and that the subject should be given further study."

General Henry pointed out that the United States was trying to get the governments of the Latin American Republics to adopt United States standards of equipment, organization and training. He went on to suggest that

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[87]Le Premier ministre rencontra le Président Truman à San Francisco le 25 juin.
The Prime Minister met President Truman in San Francisco on June 25.

"from a military standpoint there appears little doubt that our tactical and supply problems for the defence of North America would be greatly simplified if Canadian and United States forces had interchangeable munitions and were trained and organized in general along similar lines." An interesting discussion followed in which the Canadian members, while agreeing that there was much to be said in certain cases for hemisphere homogeneity, pointed out some of the difficulties presented by Canada's acceptance of British Commonwealth standards and methods.

3. These discussions emphasized two points made in the P.H.P. paper on Canadian defence relationship with the United States:

A — The United States may be expected to take an active interest in Canadian defence preparations in the future and may indeed exert pressure.

B — The Permanent Joint Board on Defence is a most useful body to consider potentially controversial questions of defence before government policy in either country has become fixed.

4. It is likely that important questions of post-war defence relationships will continue to come before the Board. Since the continued functioning of the Board is to Canada's interest (and also to that of the United States) it is to be hoped that it will have the support and encouragement of the President.

[J. E. READ]

**981.** DEA/7-CWs

*Mémorandum du secrétaire, CPCAD*

*Memorandum by Secretary, PJBD*

TOP SECRET [Ottawa,] June 20, 1945

PEACETIME DEFENCES IN THE NORTHWEST

The first four conclusions of the P.H.P. paper on postwar Canadian defence relationships with the United States are as follows:

A — That the defence of Canada should be closely coordinated with those of the United States after the war.

B — That the Permanent Joint Board on Defence should be retained.

C — That relations between the United States and the U.S.S.R. are of special concern to Canada.

D — That Canada must accept full responsibility for defence measures within Canadian territory.

This skirts around but does not touch the problems created for Canada by serious tension between the United States and the U.S.S.R. The possibility should not be excluded of vigorous Russophobia in the United States after the war. This might not be shared by the Canadian Government and people which would lead us to want to avoid being considered a party to any anti-Soviet designs of the United States.

Developments in the Permanent Joint Board on Defence indicates a likelihood that Canada may be asked to join the United States after the war in maintaining defences in the Northwest. The most likely request would be to keep up the Northwest Staging Route and related weather and communications facilities (probably the Alaska Highway as well) so as to provide the United States with a secure and up to date air link between its continental territory and its northern defences in Alaska and the Aleutians. Such a request if it comes will raise squarely the question of whether Canada is prepared to give the United States the right to use Canadian territory and Canadian military installations in time of peace.

It may not have occurred to the War Department that Canada might object to granting such peacetime rights, yet this will not be an easy decision to make. It would mean that Canada was bound to follow in the wake of the United States which might place us in a difficult position with the Soviet Union. The alternative course of retaining complete freedom of action and granting the United States no peacetime rights would expose us to pressure from the United States that it might be difficult or impossible to resist.

The main advantage of retaining our freedom of action would be to attempt to exercise a moderating influence between the United States and the Soviet Union. This really means that we would have a chance to attempt to influence the United States for it is unrealistic to believe that in such a state of affairs the Soviet Union would pay much attention to Canadian views. We would barely resolve a polite hearing and our opinions could not be expected to have any real influence. With the United States on the other hand we can count on full and frank discussions and a genuine interchange of views. There is at least a reasonable possibility of being able to exercise some influence.

If as suggested above the United States should press strongly for peacetime rights in Canada it might prove impossible to resist the pressure. The best way then of retaining some possibility of exerting a restraining influence on the United States might be to work for joint planning of northern defences. (A regional defence plan under the World Security Organization might have some merit.) It is out of the question to suppose that the War and Navy Departments would give us anything like a veto right on their plans for the defence of Alaska and the Aleutians. Nevertheless, it is worth considering whether we could not grant peacetime military rights on condition that through the Permanent Joint Board on Defence the defences of the Northwest as a whole should be jointly planned. This would give us a foot in the door, an opportunity to express views as to the urgency or otherwise of defence measures proposed by the United States. An agreement of this sort might be made terminable on notice.

One drawback is, of course, that we would be linked either publicly or not so publicly with the United States and might appear as a satellite committed to whatever the United States might choose to do. It is doubtful whether this could be avoided in any event. Whether or not there is a Permanent Joint Board on Defence, whether or not there is a defence agreement between the two countries, it will be clear to the world that in any predictable crisis with the

Soviet Union, Canada and the United States would join forces. It seems wise to accept this as a fact and build on it in such a way as to promote harmonious relations with the United States and at the same time to have some voice in or at least indication of their defence planning.

[R. M. MACDONNELL]

**982.** DEA/7-CWs

*Mémorandum du secrétaire adjoint, le Comité consultatif sur les problèmes de l'après-guerre, au secrétaire, CPCAD*

*Memorandum from Assistant Secretary, Advisory Committee on Post-Hostilities Problems, to Secretary, PJBD*

SECRET [Ottawa,] June 21, 1945

PEACETIME DEFENCES IN THE NORTHWEST[88]

With reference to your memorandum on peacetime defences in the Northwest, I am in general agreement with your arguments.

I do not think there can be any question of our retaining complete freedom of action in relation to the United States defence interest in Alaska and the northwest generally. It must be admitted at the outset that the position of mistrust, between the Soviet Union on the one hand and the United Kingdom and United States on the other, has solid foundations based upon the unhappy history in relations between Russia and the Western Powers between the two wars. It must be assumed, therefore, that the cooperation between the Soviet Union and the Western Powers arising from the common interest in the war against Germany and ultimately in a solid peace settlement will only furnish an opportunity to establish confidence which cannot, however, be taken for granted. It may, therefore, be further assumed that the United States Government will be inclined to take at least certain minimum measures to provide for the defence of those territories which lie adjacent to the U.S.S.R. in the northwest.

Canada's part in any United States defence scheme in the northwest would probably consist in the main of granting transit rights on land and in the air in peacetime. While the granting of such rights, it may be argued, would not constitute offensive action against the U.S.S.R., the experience of countries adjacent to the U.S.S.R. in eastern Europe would indicate that the U.S.S.R. is not inclined to excuse even passive association with measures appearing to be directed against itself. It would seem, therefore, essential to establish at the outset the following two principles if the United States Government should govern our defence relations in the northwest:—

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[88]Note marginale:/Marginal note:
seen. R. M[acdonnell]

(a) that we recognize legitimate interest of the United States to have access to Alaska over Canadian territory for purposes of defence;

(b) that any transit rights that may be granted must be related to a strategic plan for the defences of the northwest as a whole and should be jointly planned between Canada and the United States.

I agree that it would be important as a safeguard of the position of Canada in relation to the U.S.S.R. to have it understood that, should we find ourselves not in agreement with regard to the strategic planning of the United States Government, we should be in a position to withdraw.

[GEORGE IGNATIEFF]

**983.** DEA/7-ABs

*Extrait du mémorandum du secrétaire adjoint, le Comité consultatif sur les problèmes de l'après-guerre, au sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum from Assistant Secretary, Advisory Committee on Post-Hostilities Problems, to Associate Under-Secretary of State for External Affairs*

SECRET [Ottawa,] June 28, 1945

. . .

CANADIAN DEFENCE INTERESTS IN UNITED STATES INSTALLATIONS IN THE NORTHWEST

The Joint Drafting Group has met regularly with Mr. Macdonnell present to work on the drafting of a paper as agreed in the Working Committee.[89] Our discussion indicated that it was not possible at the present time to offer any determinate answer on the Canadian post-war defence interest in the various United States defence projects in the Northwest. In the first instance it would be necessary to have a strategic appreciation of the post-war defence needs of this region which would have to be concerted with United States military authorities, presumably through the P.J.B.D. The Group has drafted a paper for submission to the Working Committee[90] which outlines some of the political and strategic factors which need to be taken into account without going into the detailed consideration of the defence value of each project. These are merely listed with a note on the extent and purpose of each project.

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[GEORGE IGNATIEFF]

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[89]Voir le document 12./See Document 12.

[90]Notes marginales:/Marginal notes:
Mr. Ignatieff. Thanks. See my marginal notes. H[ume] W[rong] 3.VII.45.
I think this should be discussed with Pope, Heeney and N. A. R, verbally perhaps and then possibly in Advisory Com[mittee]. I'd like to see the draft paper.

**984.** DEA/7-CWs

*Mémorandum du secrétaire adjoint,*
*le Comité consultatif sur les problèmes de l'après-guerre,*
*au sous-secrétaire associé aux Affaires extérieures*

*Assistant Secretary, Advisory Committee on Post-Hostilities Problems,*
*to Associate Under-Secretary of State for External Affairs*

SECRET [Ottawa], July 10, 1945

Attached is a draft prepared by the Army representatives on the Joint Drafting Group of the paper on Post-war Canadian Defence interests in United States Defence Projects in North-west Canada. This paper is the result of several meetings in which Mr. Macdonnell participated.

Apart from a number of drafting changes which will be required, the paper is too long as it stands. It was found necessary to introduce a number of political and strategic considerations which belong more appropriately to a general appreciation.

However, in view of the interest shown at the last meeting of the P.J.B.D. by the U.S. military members in the north-west defence projects and Canadian participation in continental defence generally, Mr. Macdonnell is of the view that the conclusions (pp. 11 and 12) of this paper might be found useful in case we are pressed by the United States authorities for our views on these questions.

Presumably no action will be taken on this paper until further activity on P.H.P. is discussed in the Advisory Committee.

[GEORGE IGNATIEFF][91]

[PIÈCE JOINTE/ENCLOSURE]

*Projet préliminaire des représentants militaires du groupe mixte*
*de rédaction, le Comité de travail sur les problèmes de l'après-guerre*

*Preliminary Draft by Army Representatives on Joint Drafting Group,*
*Working Committee on Post-Hostilities Problems*

TOP SECRET [Ottawa,] July 6, 1945

POST-WAR CANADIAN DEFENCE INTERESTS
IN UNITED STATES DEFENCE PROJECTS
IN NORTHWEST CANADA

PART I — INTRODUCTION

1. It was agreed by the Working Committee on Post-Hostilities Problems that a draft paper should be prepared by the Joint Drafting Group "to examine

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[91]Note marginale:/Marginal note:
Mr. Ignatieff: I think there is a good deal of useful material in this paper, although as you say, it is too long. H[ume] W[rong]

what defence interests, if any, Canada had in the Northwest Staging Route, the Alaska Highway and other United States defence installations in the Northwest."[92]

2. The Joint Drafting Group assume that these terms of reference are intended to cover all major US Defence Projects in Northern Canada, including the Crimson Project. The post-war period is taken to mean the period following the defeat of Japan.

3. The Joint Drafting Group, having examined the question referred to them by the Working Committee, agree that Canadian defence interests in specific United States defence projects in Northwest Canada can be realistically assessed only if related to a strategic appreciation of the defence problems of this region concerted with United States defence authorities; it being assumed that Canadian and United States post-war defence policies for this region will be co-ordinated. This paper, therefore, sets out in a preliminary way some of the factors which, in the view of the Joint Drafting Group, would in such event need to be taken into consideration, and puts forward certain recommendations regarding the action that might be taken. A list of United States Defence Projects in Northwest Canada, together with details regarding their background and present status, is included in this paper in the form of an

ANNEX†

PART II — GENERAL ASSUMPTIONS

4. The following principles governing Canada's post-war defence relationships with the United States which have been accepted by the War Committee of the Cabinet,[93] are taken to be specially applicable to the subject of this paper:

(a) "that the defences of Canada should be closely co-ordinated with those of the United States in the post-war period;"

(b) "that the Permanent Joint Board on Defence will continue to be a valuable means of facilitating this co-ordination, and also as a medium for the informal discussion of mutual defence problems."

(c) "that the source of major friction between Canada and the United States is more likely to grow out of differing views towards events outside this Continent. Particularly in view of Canada's geographical position astride the

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[92]Voir le document 12./See Document 12.

[93]La note suivante était dans l'original:
The following footnote was in the original:
As defined in CWC Document 917† — "Post-War Canadian Defence Relationships with the United States — General Considerations", para 23, Conclusions (a), (b), (c), and (d).[94]

[94]Pour le rapport modifié conformément aux opinions exprimées par les membres du Comité de guerre le 8 janvier 1945, voir le document 981.
For the report as amended in accordance with views expressed in the War Committee on January 8, 1945, see Document 981.

overland route between the USA and the USSR, Canadian defence arrangements with the United States will be greatly influenced by the general character of the relations between the USA and the USSR;"

(d) "that in joint defence planning with the United States, Canada should accept full responsibility for all such defence measures within Canadian territory as the moderate risk to which we are exposed may indicate to be necessary."

5. In accordance with these principles, and in view of the fact that the US Defence Projects in Northwest Canada were undertaken for the joint defence of Canada and the United States, and will in general have a continuing value for joint defence in the post-war period, it is assumed that Canadian post-war defence interests in these Projects should be considered from the aspect of joint defence.

## PART III — STRATEGIC CONSIDERATIONS

*Effect of a World Security Organization*

6. A serious threat to Canada and the United States involving the Northwest could only be presented by a major Power (either alone or in combination with other Powers). The United Nations Organization will be unable to restrain a Great Power bent on aggression. It may, however, be safely assumed that during such time as the Organization remains "effective" there will be no likelihood of serious threat to this region. Nevertheless, whether or not the Organization remains effective, measures for the joint defence of the Northwest will be necessary. Such regional arrangements would by their nature be consistent with the purposes and principles of the Organization, and as such would not be precluded by anything in the terms of the Charter.

7. Even in the absence of any immediate threat, it would be of definite advantage to initiate joint defence measures for this region during the period when the Organization could still be considered "effective". Such an undertaking would be possible at this stage without incurring the hostility of a member Great Power. If, however, such action were to be put off until continued deterioration in international relationships resulted in a threat to world peace, then pressure might be brought to bear to further delay such an undertaking, as constituting an action which might tend to aggravate an already tense situation. An additional advantage lies in the deterrent effect which material evidence of realistic joint defence measures in this region might have upon a major Power contemplating aggressive action.

*Possible Sources of Threat*

8. (a) *The USSR:* The USSR is the only major Power which would be capable of offering a serious threat to Canada and the United States involving the Northwest. The USSR is now the greatest land power in the world, and is likely to increase her offensive power during the post-war period through the development of her naval and air forces. Although there is not at the present time any indication that she intends to adopt a policy hostile to Canada or the United States, the fact remains that she is strategically in a position to present a serious threat to the Northwest.

(b) *China:* China is unlikely alone to be capable of constituting a serious threat to this region. However, China could contribute materially to the offensive power of a hostile USSR if allied to the latter.

(c) *Japan:* The resurgence of a thoroughly defeated and disarmed Japan as a major military power is considered unlikely for many years.

*The Vulnerability of the Northern Approaches*

9. In the Cabinet War Committee paper referred to above it is stated, that:

"the development of air power has diminished the physical isolation of the North American continent by opening up the Northern approaches. Defence planning must be re-oriented to take this into account."[95]

In addition the general conclusion is given:

"that because of the new vulnerability of the North American continent. . . . . Canada must accept increased defence responsibilities and maintain larger armed forces than before the war."[96]

10. The vulnerability of the Northern approaches is, however, not due alone to the development of air power. As a result of other technological developments in modern warfare, attacks involving land operations on a large scale have now become possible in this region. Ample evidence to this fact has emerged from recent large scale cold-weather tests conducted by the Canadian Army in these regions. In the official report of an exercise carried out on the Barren Lands, the following conclusion is reached:

"the exercise proved that the inaccessibility of the Arctic is just another myth, and, providing supplies are ensured, operations on the barren grounds which represent one-third of Canada's area can be as unhindered as operations on the Libyan Desert."[97]

11. It is evident that these Northern approaches will assume a greatly increased importance in the defence of North America, since this flank can no longer be considered immune to attacks by a major Power having access to the Arctic Ocean or the land masses bordering on it. However, joint defence planning for this region should take into account the fact that Canadian post-war defence involves other heavy demands on her united resources, not only for the defence of other regions in Canada, but for the conduct of operations outside of Canada in areas which under modern conditions are the first line of her defence.

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[95]La note suivante était dans l'original:
The following footnote was in the original:
Para 9 of CWC Document 917.†

[96]La note suivante était dans l'original:
The following footnote was in the original:
Para 23*(g) of above document.†

[97]La note suivante était dans l'original:
The following footnote was in the original:
Report on Exercise "LEEMING", CAOR[98] — Report #25 — 24 May 45.†

[98]Canadian Army Operational Research.

*Strategic Appreciation*

12. It is evident that consideration of Canada's defence interests in the Northwest can only be realistic if based on a sound appreciation of probable threats to the Northern approaches, and related to defence commitments for other and more vital regions. Unfortunately, however, at the present time no authoritative Canadian Joint Service strategical appreciation relating either to Canada's post-war defence in general, or to the defence of the Northern approaches, is available. Moreover, United States views in regard to post-war joint defence for this region have not been ascertained.

13. Presumably one of the first steps in any concerting of joint defence plans by Canada and the United States would be an agreed strategic appreciation of the defence problems involved, and of the probable forms and scales of attack for this region. It is considered, however, that, prior to such action, and in anticipation of discussion of the question between the two countries, a Canadian Joint Service appreciation of Canadian interests in the post-war defence of the Northern approaches should be prepared in the light of available information.

*Probable Forms of Threat — Assumptions*

14. In the absence of such guidance, the following assumptions have been adopted for the purpose of this paper:

(a) *Invasion:* — It is highly improbable that a successful seaborne invasion of North America could be affected [effected?] by way of the Pacific Ocean proper, so long as the US and UK retained command of the seas. Invasion of North America through the Northwest, by way of the Aleutians, Alaska and Northwest Canada might be possible, but on strategic grounds such an attempt is unlikely.

(b) *Diversionary operations:* — Amphibious or airborne operations in the Northern regions, possibly involving land forces on a large scale, would be possible, and might well be considered strategically desirable as a means of tying down large forces and military potential. The probable object would be the diversion of strength from other directly threatened regions in Europe or Asia. The mere threat of such operations might achieve satisfactory results with considerable economy, and therefore such a threat might be posed and made obvious even prior to the outbreak of hostilities for either strategical or political ends. (The Japanese feint through the Aleutians is noted as a case in point.)

(c) *Other possible threats*

i) Long-range air attacks from bases on enemy territory.

ii) Operations with the object of neutralizing anti-aircraft defence measures, particularly radar and fighter-aircraft screens guarding the Northern approaches.

iii) Operations with the object of securing bases for attacks on vital industrial and communications centres in Canada and the United States.

iv) Operations with the object of denying the use of facilities in this region for counter-offensive action against the enemy.

v) Minor operations such as raids by sea, land or air, and the landing or dropping of agents for the purpose of sabotage or espionage.

*The Time Factor*

15. Any future threat from whatever quarter it may arise may come more suddenly and more devastatingly than in the past. If such a threat should arise there might be insufficient time to take adequate counter-measures unless preliminary preparations are made and maintained. In the past, defence measures for this region have been undertaken hastily or improvised from existing resources at a time when the effort could ill be spared from more vital operations. Defences were, moreover, brought to full operational strength only after the threat of attack had passed. In the future, however, should defence measures be neglected until the threat becomes apparent, the time lag involved may result in the defence failing to keep pace with a mounting scale of attack. It is evident, therefore, that joint defence planning will not be enough. Effective defence measures will have to be undertaken in peacetime even in the absence of any immediate threat. In this regard, steps should be taken by Canada to ensure that adequate maintenance is provided for those existing defence installations within her territory which are likely to be of value in the event of war.

*United States Interest in Alaskan Defence*

16. The Northern approaches comprise a general strategic region which is in fact divided into natural strategic areas, each of which involves distinct defence problems. The political boundaries between Canadian and United States territories do not coincide with this natural strategic division. Moreover, Canadian and United States defence interests are not identical for each sector.

17. This is of particular significance in the case of the strategic highland area which includes Alaska and the whole inland Canadian corridor through which passes the line of communication to Alaska, consisting of the Northwest Staging Route and the Alaska Highway with its feeders. It is likely that United States defence interest will be largely concentrated on the defence of Alaska. At a recent meeting of the Permanent Joint Board on Defence it was indicated that the United States view was that a properly controlled air route to Alaska is considered indispensable to the permanent defence of the continent.[99] Any such one-sided emphasis on Alaskan defence may lead to United States pressure on Canada to undertake defence measures within the Canadian portion of this strategic sector at the expense of other, and perhaps more vulnerable sectors in which there is not such a direct interest on the part of the United States.

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[99]La note suivante était dans l'original:
The following footnote was in the original:
Quoted in a memo by Maj-Gen Guy V. Henry to the Permanent Joint Board on Defence (8 Jun 45)[100] as a statement made by one authority commenting on a Bill presented to the U.S. House of Representatives. Its context in this memo would indicate that it reflects official U.S. views.

[100]Voir la pièce jointe 2, document 988./See enclosure 2, Document 988.

18. Therefore, if Canada, with her limited military resources, is to accept full responsibility for defence measures within Canadian territory, steps should be taken to ensure that any such pressure does not lead her to neglect the defence of strategic sectors which (lie wholly within Canadian territory, such as the Mackenzie River Valley, and the Arctic Barrens towards the East. These areas may well prove to be more vulnerable as a line of approach than the highland area of Alaska and the Canadian corridor, with its difficult terrain and greater dependence on roads for movement. Moreover they out-flank the latter.

PART IV — POLITICAL CONSIDERATIONS

19. At a recent discussion of the Permanent Joint Board on Defence it was indicated that the United States may ask Canada to maintain certain defence installations in the Northwest during the post-war period. The United States Defence Projects in Northwest Canada were (with the exception of the Crimson Route) constructed in relation to the war in the Pacific. Even with the threat of Japan removed, the United States may continue to regard defence measures in this region as necessary for the security of Alaska in case of war with a major power bordering on the Pacific Ocean. Since an attack from the North on continental United States territory would almost certainly involve Canada, it follows that the problem of the defence of the Northwest should be considered in terms of the defence of all the Northern approaches to the North American continent.

20. The possibility of tension between the USSR and the USA during the post-war period, which it must be earnestly hoped will not arise, is nevertheless a contingency which cannot be excluded. Should such tension develop, a most likely result would be pressure on Canada by the United States to join her in increasing the defences of the Northern approaches. Should Canada accede to such a course it would obviously have an adverse effect on her relations with the USSR, perhaps at a time when Canadian opinion did not share in like degree the feeling of apprehensiveness or of hostility towards the USSR then current in the United States.

21. Canada may thus be faced with two courses. On the one hand, of granting specific military rights to the United States in peacetime (including transit rights) and becoming fully associated with United States defence measures in the North, thus accepting the risk of prejudicing her relations with the USSR. On the other hand, of refusing such rights and retaining full freedom of action in any joint defence arrangements, in the hope of avoiding the risk of prejudicing her relations with the USSR.

22. The pressure which would be brought to bear on Canada by the United States in the event of Canada seeming reluctant or refusing to co-operate with her in continental defence, would be very substantial and might be difficult to resist. It is suggested that such pressure should be resisted only if substantial advantages could be derived from such a course. The main value of attempting to retain complete independence of action would lie in whatever possibilities such a course might offer Canada of exercising a mediating influence between these two Great Powers. However, since in the light of past experience, it is

unlikely that Canadian views would have any real influence on the Soviet Government, such an advantage is more apparent than real, and does not appear to justify the difficulties which would attend a refusal to co-operate effectively with the United States. On the other hand, experience also indicates that Canadian views may at times have some influence on the United States Government. The most effective way, therefore, in which Canada could contribute towards ameliorating the difficult situation visualized above, would probably be to accept the course of becoming associated with the United States in defence measures, and of contributing a modifying influence.

23. If the foregoing argument is accepted it would follow that the desirable policy for Canada would be to co-operate with the United States in defence measures for these regions while retaining at the same time the maximum freedom of action consistent with such co-operation. Joint planning for the defence of the Northern approaches would appear to be the most advantageous course, with Canada assuming full responsibility for all defence measures within her own territory. Canada's consent to granting the United States specified peacetime military rights in her territory for the purposes of joint defence of this region should be made conditional on a full interchange of information relevant to the defence of the region and should also be based on the granting of reciprocal rights to Canada by the United States. This would ensure that Canada was provided with information about United States plans and intentions which would give her an opportunity to express her views regarding the urgency of any given situation and the necessity of proposed defence measures. Such joint planning and the undertaking of joint defence measures for the security of the Northern approaches should be concerted with the United States in the first instance through the facilities of the Permanent Joint Board on Defence, as this medium offers the best possibility of defence co-operation with the United States, while at the same time retaining the maximum freedom of action.

24. Defence facilities in Canada which would be most likely to be needed by the United States relate to overland, air and ground communications between the United States and Alaska. In particular, the air route to Alaska will probably be regarded by the United States Government as indispensable for the permanent defence of the continent. Use of such an air route would involve the maintenance of existing air bases and a number of existing facilities.

25. In the light of the foregoing it is suggested that, should the United States request peacetime facilities in Canada relating to its communications with Alaska or to the defence of this region, the matter should be referred to the Permanent Joint Board on Defence on the basis of the principles outlined in Paragraph 23 above. Provided that these principles proved acceptable to the United States Government, presumably the ensuing step to be taken would be the preparation of an agreed Canadian-United States strategic appreciation of the defence problems involved in the security of the Northern approaches. In anticipation of this, and in advance of discussion of the question by the Permanent Joint Board on Defence a Canadian Joint Service appreciation should be made to determine Canadian interests.

## PART V — CONCLUSIONS

26. In summing up the strategical and political considerations put forward in this paper, the following main conclusions are reached:

(a) that the principles of post-war defence co-ordination between Canada and the United States, and of Canada accepting full responsibility for defence measures within her own territory, previously approved by the War Committee of the Cabinet, apply particularly to the defence of the Northern approaches to this continent;

(b) that joint Canadian-United States defence of the Northern approaches would by their nature constitute regional defence arrangements in accordance with the principles and purposes of the United Nations Organization, and as such would not be precluded by anything in the Charter of that Organization;

(c) that joint planning for the defence of the Northern approaches should be co-ordinated through the facilities of the Permanent Joint Board on Defence, as the use of such a medium would afford Canada the best possibility of defence co-operation with the United States while at the same time retaining the maximum freedom of action consistent with such co-operation;

(d) that if joint defence of the Northern approaches is accepted in principle by the United States, Canada should be prepared, if so requested, to grant the United States such specified peacetime military rights in Canadian territory as are agreed to be essential for the joint defence of this region (including transit rights), on the basis of reciprocal action and interchange of information;

(e) that if the United States agree to the principle of joint defence of this region, a first step in joint planning should be the preparation of an agreed Canadian-United States strategical appreciation of the problem of the joint defence of the Northern approaches. In anticipation of this, and preferably in advance of discussion of the subject by the Permanent Joint Board on Defence, a Canadian Joint Service appreciation from the viewpoint of Canadian interests should be undertaken;

(f) that any joint defence planning for this region should be based on a realistic assessment of probable forms and scales of attack or threatened attack. Preliminary examination indicates that any major threat to this region would probably be of a diversionary nature. Therefore the undesirability of Canada committing a disproportionate part of her limited military resources for the defence of this region, should be borne in mind in joint planning discussions with the United States;

(g) that as sufficient data is not at present available to warrant any firm conclusions regarding post-war Canadian interests in United States defence projects in Northwest Canada in relation to joint defence, the future disposition of individual projects should be discussed with the United States in the light of an agreed joint defence appreciation. Examination indicates, however, that the United States will regard overland, air and ground communications between the United States and Alaska as essential to the defence of North America, and that Canada may be asked to undertake specific responsiblities with regard to air bases and related facilities on this

route. In this event such responsibilities should be accepted by Canada in accordance with the principles and policy outlined in (b), (c) and (d) above.

**985.** DEA/52-Cs

*Mémorandum de l'officier d'état-major auprès du Premier ministre*
*Memorandum by Military Staff Officer to Prime Minister*

TOP SECRET Ottawa, July 28, 1945

*I. Continental Defense Value of Canadian Northwest*
*II. Canada-United States Post-War Collaboration*

You will recall that at a meeting of the Permanent Joint Board on Defense, held in New York on 14-15th June last, the United Sates Army member informally initiated a discussion on two subjects which are of considerable long-term interest to Canada. These were (a) Continental Defence Value of the Canadian Northwest and (b) Canada-United States Post-War Collaboration.

2. While General Henry went to some pains to make it clear that he was merely expressing his personal views and that as a consequence he did not want a verbatim record of his remarks incorporated in the Journal of Discussions and Decisions, we may well assume that what he did say was at least not out of line with the views held by the U.S. War and Navy Departments. In these circumstances, as well as by reason of other indications of a growing United States interest in these matters, I think it expedient that at the next meeting of the Board in Montreal on 4th September, the Canadian Section should offer some observations on General Henry's remarks of an apparently equally "personal and tentative nature." In actual fact, however, such remarks as might be made on this occasion would have to be cleared with the Service Departments and External Affairs, and higher.

3. It is, of course, obvious that at the present moment there are too many unknown factors to enable us to arrive at any firm conclusions. The war against Japan has yet to be ended. Our obligations towards the United Nations have yet to be worked out. Our contributions in respect of defence will probably, in some measure at least, be related to those of the United Kingdom and the United States. Of the latter country's views on the post-war situation we have had no indication and joint defence planning should enjoy a two-way flow of information. In any event, we should strive to make it so.

4. Apart, however, from the general obscurity of our position, some aspects of continental defence stand out reasonably clearly and on these I suggest the Government might be in a position to approve of a "personal and tentative" expression of views by the Canadian Section. In the hope that I am not in error as to this, and also so as to serve as a basis for discussion in the Advisory Committee, I append a draft of some observations which I think we might make in P.J.B.D. I am afraid I have been obliged to leave some gaps, but these can be filled in in Committee. I have not attempted to develop our position point by point in this preamble. They either speak for themselves, or don't, in the draft. I have sought to observe in one way or another on each point raised

by General Henry in his two papers, a copy of each of which is appended hereto.

M[AURICE] P[OPE]

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Mémorandum du représentant principal militaire des États-Unis, CPCAD, au CPCAD*

*Memorandum from Senior United States Military Representative, PJBD, to PJBD*

[Washington,] June 8, 1945

CONTINENTAL DEFENSE VALUE OF THE CANADIAN NORTHWEST

1. Both the United States and Canada have expended large sums of money for defense purposes in the Canadian Northwest during the present war. The main installations are the Northwest Staging Route, the Alaska Highway, the telegraph line and gasoline distributing system in general paralleling the Highway, the Skagway-Carcross gasoline pipe line, the Haines cut-off, the Canol project proper and the various installations in Prince Rupert and vicinity.

2. The question arises are any of them from the viewpoint of both Canada and the United States necessary to the postwar defense of the North American continent or to the defense of Alaska from the viewpoint solely of the United States? If so, which are necessary and how is there maintenance to be financed in the postwar period? Some may also have both postwar military and economic value and for this reason should be maintained and developed.

3. Many people believe that the defense of Alaska in case of war with an Asiatic power is of major importance to the defense of the North American continent and that its defense would be largely a matter of air and navy.

4. All of the facilities built along the Northwest Staging Route were primarily constructed for the maintenance of an air route across Canada and into Alaska. One authority in commenting on a bill recently introduced in the United States House of Representatives seeking to create a commission to be known as the "Alaska International Highway Commission" states "a properly controlled air route to Alaska is considered indispensable to the permanent defense of the continent. Such an air route requires weather stations, auxiliary landing fields and flight strips, telephone and telegraph communications and supply of aviation gasoline, subsistence and maintenance items. The only feasible way to properly provide these necessary items to a controlled airway to Alaska is a highway generally along the same route." This matter may later be presented to the Permanent Joint Board for an official declaration regarding whether or not a land route to Alaska is of permanent value in the defense of the continent. Local pressure may also do the same, for it is understood that the Government of British Columbia has recently let a contract for a road connecting Prince George with the Alaska Highway at Dawson Creek and that either Alberta or British Columbia has provided for bridging one of the main

streams on the road between Edmonton and Dawson Creek. Further, Alaskan interests are pushing for the maintenance of the Haines cut-off and the Alaska Highway from where that cut-off joins the same on to Fairbanks, Alaska.

5. I think it would be interesting to hear, perfectly informally, from our Canadian members their personal views regarding the defense value of the air route, the Alaska Highway, the telegraph line, the gasoline distributing systems and the Haines cut-off and whether or not the Canadian portions are likely to be maintained by Canada in the post-war period. Also the Prince Rupert installations might be touched upon.

GUY V. HENRY
Major General

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du représentant principal militaire des États-Unis, CPCAD, au CPCAD*

*Memorandum from Senior United States Military Representative, PJBD, to PJBD*

[Washington,] June 8, 1945

POSTWAR COLLABORATION

1. The United States has informed the other American Republics that it believes the defensive power of the Western Hemisphere would be greatly augmented if the armed forces of the various American Republics were a homogeneous whole, i.e. armed and equipped with standard material and, in general, organized and trained along standard lines. In order the ascertain the views of the other American Republics on this matter, the United States has held joint staff conversations with the military representatives of these Republics and is also offering to assist them with armament, technical advice and training on the terms mutually agreeable to each Government.

2. The Inter-American Conference on Problems of War and Peace held in Mexico City in early March 1945 approved certain "Declarations on Reciprocal Assistance and American Security". The outstanding one is known as the Act of Chapultepec and it further recommended "That the Governments consider the creation, at the earliest practicable time, of a permanent agency formed by the representatives of each of the General Staffs of the American Republics, for the purpose of proposing to the said Government, measures for a better military collaboration between all the Governments and for the defense of the Western Hemisphere."

3. Personally I do not see how there can be any true homogeneity of defence of the Western Hemisphere unless the Dominion of Canada is a member of the military family of American nations, so to speak.

4. From a military standpoint there appears little doubt that our tactical and supply problems for the defense of North America would be greatly simplified if Canadian and United States forces had interchangeable munitions and were trained and organized in general along similar lines.

5. In this war we have had at least two examples of the desirability of this, i.e., the re-equipping with U.S. materiel of the Canadian Aleutian Force and the present re-equipping and reorganizing of the Canadian Pacific Ground Force and the similar attempt by the RCAF.

6. There are certain complications in Canada being incorporated in a military family of American nations. First, would Canadian public opinion be favourable to a closer tie between Canadian and U.S. armed forces? Second, Canada's political, economic, cultural and military relationship with Great Britain. Third, Canada is a manufacturing nation as is the United States and this might, from a Canadian point of view, make it inadvisable for the Canadian armed forces to have equipment interchangeable with that of the United States forces.

7. Other people have in mind closer postwar relationship between the military of the two countries. This is shown by the following:

a. On February 17 to March 5, 1945, the British Commonwealth Relations Conference was held in London under the auspices of the Royal Institute of International Affairs. A short extract from the minutes reads, "The security of Canada and of Australia and of New Zealand depends upon collaboration with the United States."

b. Canadian Ambassador Llewellyn Keenleyside, according to press dispatches, recently stated in an address in Mexico City, "The clarification of Canada's relationship to the Pan American Union would await final results of the San Francisco United Nations Conference."

8. The views I have presented are purely personal. However, I would be glad to hear discussion regarding the feasibility, or the desirability, of our two countries entering into joint staff conversations, this with a view of determining the extent to which the two countries can in the postwar period coordinate their armed force efforts.

GUY V. HENRY
Major General

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Projet d'observations du secrétaire militaire du Cabinet*

*Draft of Observations of Military Secretary of Cabinet*

TOP SECRET [Ottawa,] July 28, 1945

Suggested draft of observations on General Henry's statements on (a) Continental Defence Value of Canadian Northwest and (b) Canada-United States Post-War Collaboration, to be made by Canadian Section at Meeting of the Permanent Joint Board on Defence to be held in Montreal, 4th September, 1945.

1. *Introduction*

The Canadian Section listened with much interest to the remarks made by General Henry at the last meeting on the subjects of (a) Continental Defence

Value of the Canadian Northwest, and (b) Canada-United States Post-War Collaboration. These subjects are of considerable importance to both countries and as the war draws on towards its close they will tend more and more to become matters of practical politics. Actually, some of the points mentioned by General Henry come up in the day-to-day conduct of our national war effort, and during the last few weeks the members of the Canadian Section have endeavoured to reach some tentative conclusions in their regard. As respects others, there yet appear to be too many unknown factors to permit of a really objective appreciation. However this may be, we should like to offer the following observations to our United States colleagues who will of course understand that in so doing we are merely expressing in their presence our personal and tentative views.

2. *General*

As has been said, there are too many unknown factors in the international situation to enable us to study many of our defence questions with any degree of finality. The number, the nature and the scope of the special agreements to be negotiated on the initiative of the future Security Council and of the regional arrangements for international security for which provision has been made in the Charter of the United Nations, have yet to be defined. Nor again can the question of our defence commitments as a member of the British Commonwealth of Nations be said to be entirely clear. In these circumstances no clearly defined picture can be drawn.

3. Moreover, defence problems will only admit of rational solution on the basis of rational assumptions as to the nature and the measure of force to be resisted. We on our part are not unprepared to lay down such assumptions but we have here, as our name implies, to do with matters of joint defence which again implies that such assumptions be made in collaboration and not independently. At the moment the Canadian Services have no information as to the views to the United States Army and Navy in these matters.

4. It might be pertinent here to recall that during the course of the war a number of defence installations were constructed in Canada at United States request but which eventually became a charge against Canadian public funds. We are of course all agreed that in war prompt action must be the paramount consideration, but we on our side find it difficult to exclude from our minds the thought that the cost of some of these facilities was out of proportion with their value as factors towards the achievement of victory. It seems, therefore, to follow that in future it would be helpful if the Canadian Service were made more fully aware of the bases of the appreciation of the United States Joint Chiefs of Staff as to the defence requirements of the North American continent. So much for the general picture.

5. *Continental Defence Value of the Canadian Northwest*

As regards the continental defence value of the Canadian Northwest, our personal views as to the points raised by General Henry, quite informally, are as follows:

(a) *Northwest Air Staging Route:*

We entirely agree that the Northwest Air Staging Route is, and will continue to be, an integral feature of Alaskan defence and as such will be maintained indefinitely into the future. The division of responsibility between the Military and Civil authorities and such questions as the number of airfields to be maintained as Air Force Stations are matters for later study and decision.

(b) *Alaska Highway:*

In our view the question of the Alaska Highway differs materially from that of the Air Route. Theoretically, perhaps, it can be argued that its existence adds to the defence potential of Alaska. Our information, however, is that no supplies have ever been sent to Alaska via this route. Nor during this war does the enemy appear to have made any attempt to interfere with the United States line of communication through the Gulf of Alaska. Moreover, it seems unlikely that, within the reasonably distant future, any Pacific Power will be in a position to threaten the sea route between Seattle and Alaskan ports. In these circumstance we are aware of no *military* considerations of a nature such as to require the maintenance of the Alaska Highway in the foreseeable future.

(c) *Telegraph Line:*

The telegraph line would appear to have, *inter alia*, a useful role to play in the defence of Alaska. We therefore believe that a reasonable case for its continued maintenance can be made.

(d) *Gasoline Distribution Systems:*

As we see it, the gasoline distributing systems are a necessary feature of supply for the Air Route and they should be retained in operation. The question of the siting of the Skagway-Carcross pipe line will of course have to be resolved.

(e) *Haines Cutoff:*

In the Canadian view the Haines Cutoff is without appreciable defence value.

(f) *Prince Rupert and Port Edward:* Certain United States installations at Prince Rupert are of defence interest to Canada. The same cannot be said of the Port Edward development.

6. *Canada-United States Post-War Collaboration.*

It need hardly be said that the members of the Canadian Section have read with interest of the proceedings of the Inter-American Conference at Mexico and of the signing of the Act of Chapultepec. In many, if not all respects, the questions involved seem in the last analysis to be of a political nature and as a consequence quite beyond our competence to discuss.

7. On the other hand, the question of Canada-United States post-war military collaboration does not appear to present any special difficulty. Our understanding, with which we are sure our United States colleagues will be disposed to agree, is that the founders of this body advisedly inserted the word "Permanent" in our title. There would then seem to be no reason why we should not, and every reason why we should, continue our collaboration of the last five years in matters of defence.

8. If this is agreed, the way ahead should be reasonably clear. We should both seek to agree as to the international picture of the coming post-war period in so far as this has a bearing on the question of North American defence. This having been done, it should only be necessary for us to revise Defence Scheme No. 2 (ABC-22) which has governed the employment of our forces disposed for home defence during the course of this war, so as to bring it into line with our new joint appreciation of our defence position. This having been done, and the new plan having gained the approval of our respective Governments, it can be held in readiness (subject of course to periodic revision) to be put into effect by Governmental agreement in the event of an emergency arising.

9. With regard to General Henry's view that our tactical and supply problems for the defence of North America would be greatly simplified if Canadian and United States forces had interchangeable munitions and were trained and organized in general along similar lines, we are of opinion that no sufficient reason has yet been adduced to suggest that a major decision under this head, even of principle, is in any way expedient. We very much doubt if any military appreciation of our North American defence position over the next decade or decades will lead to the conclusion that the territorial integrity of our territories will be exposed to serious threat. It therefore seems unlikely that our ocean waters, our lands or our air will be the scene of major operations. While our defences will probably require to be maintained on a greater scale in the future than they were in the past, they are unlikely in our view to be such as to require complete uniformity of equipment, organization and training.

10. In addition, we are confident that our United States colleagues will not fail to take into account our position as a member of the British Commonwealth of Nations, an association which it should go without saying the Canadian people give every evidence of being of a mind to maintain. The Canadian forces have a long history of close and intimate association with those of the Commonwealth and it seems unlikely that this association will no longer continue.

11. On the other hand, the way is open to us to model our forces on any pattern we may choose, including one of our own design. As mentioned by General Henry, there have been two instances in which the Canadian Army has adopted the United States model so as to facilitate the integration of the smaller force with the larger one. These instances, however, have been episodes in the prosecution of the War against Japan and it would be straining the point to argue that they fell under the head of Continental defence.

12. It should also be borne in mind that in view of the wide measure of standardization of Canadian and United States industry, as well as the difficulty sometimes experienced in times of peace of obtaining our accustomed equipment, that the Canadian forces have sought and obtained United States types. Our mechanical transport is similar to yours. Many of our aircraft are of United States design and manufacture. There are signs that our radio and radar equipment are tending to standardize themselves along United States lines.

13. Thus in some fields we can see uniformity developing on an *ad hoc* basis, but for the reasons we have given we are not inclined to conclude that a decision along the lines suggested is at all necessary or even essentially desirable.

14. In conclusion, may it be said that we trust that this informal expression of our personal views may be of interest to our United States colleagues and of some value to them in the further considerations of our joint defence problems.

**986.** DEA/52-Cs

*Mémorandum du ministère des Affaires extérieures à l'officier d'état-major auprès du Premier ministre*

*Memorandum from Department of External Affairs to Military Staff Officer to Prime Minister*

SECRET [Ottawa,] July 31, 1945

With regard to your memorandum of July 28th concerning the comments which might be made at the next meeting of the Permanent Joint Board on Defence in reply to General Henry's statements at the last meeting of the Board, here are a few points which you may wish to consider in preparing a second draft as agreed at today's meeting of the Advisory P.H.P. Committee. There are a number of questions raised in your memorandum such as the defence value of certain projects in the Canadian Northwest on which I do not feel competent to comment.

Para. 2. I am not wedded to the use of the language "our defence commitments as a member of the British Commonwealth" which seems to me to be all right for home consumption but possibly misleading to Americans.

Para. 4. As a minor point, I think that it would be accurate and useful to insert a sentence following the veiled reference to the Crimson Route and other dubious projects to make it clear that Canadian doubts about the value of these projects were felt at the time and that criticism is not inspired by hindsight.

Para. 5. (b) General Henry's argument about the post-war use of the Alaska Highway centers entirely around its value as a feeder for the airports. The C.A.S. will doubtless submit a technical appreciation on this point which should be dealt with in the reply.

Para. 9. In the second sentence I think it might be safer to say "over the next one or two decades" instead of "over the next decade or decades."

Para. 10. I feel that this paragraph might with advantage be rewritten on the grounds already mentioned that the American mind is easily misled on these subjects.

Para. 12. General Henry cites in support of the argument for the adoption of common equipment and organization two instances occurring in this war, both of which together represent a very small proportion of the Canadian military effort. In fact if one looks for historical examples of this nature it is obvious that if the Canadian forces had adopted common standards and

practices with the United States in the past we would have been gravely handicapped in putting our forces in the field during both this war and the last. Any possible commitment which we might enter into for participation in peace enforcement inside the Americas would be an entirely insufficient reason for taking the course suggested. If we were concerned solely with continental defence, there would be a good case for General Henry's point of view. He does not give the right reasons in his paragraph 6 for our resisting this course and the reasons are broader than our membership in the British Commonwealth. Indeed his whole memorandum is a bit of rather poor special pleading.

Para. 13. The argument might be expanded in order to express our interest in the larger problem of the establishment of common standards and equipment as far as possible by the United States and the United Kingdom. Mr. Macdonnell has given me the following note on this aspect under the heading of "Threats to the peace of the Western Hemisphere arising from aggression from outside the Hemisphere."

"Here we are prepared to play our full share in the most effective way possible, which we believe to be through commitments in the North Atlantic region and possibly in northern Canada as well. Although the shape of these commitments is far from clear it seems obvious that they will involve close association with the United States and the United Kingdom. Therefore our problem is to organize our forces so as to be able to cooperate most smoothly with whichever of those two great powers Canada may be most closely associated in any given situation. Methods, weapons, etc. might be of United Kingdom or United States type depending on the task to be done. We would, therefore, be prepared to examine with an open mind any proposals for standardization to demonstrate practical advantages in safe-guarding peace or meeting aggression. Obviously the closer together the United States and the United Kingdom come, the simpler will be the problem for everyone."

Mention might also be made in this connection of our interest in the continued exchange of secret technical information on weapons development and related questions and on treating as part of the general question of continental defence policy certain problems of the mobilization of industry for the production of strategic supplies.

**987.** DND/Vol. 6170

*Le chef de l'état-major de l'Air*
*à l'officier d'état-major auprès du Premier ministre*

*Chief of Air Staff*
*to Military Staff Officer to Prime Minister*

TOP SECRET [Ottawa], August 4, 1945

Dear [General Pope],

As requested in your note of July 31st[1], I am glad of the opportunity of making a few comments on your draft paper on Major General Henry's two

memoranda — Continental Defence Value of the Canadian Northwest; and Post War Collaboration.

First of all I agree with you that it would be desirable and even necessary that the Canadian Section of the Board should make some statement in reply to the questions raised by General Henry. The statement might be "informal" but I think it should reflect as nearly as possible the Canadian point of view.

I gather from the remarks in your covering memorandum that your draft paper is intended to indicate only the general lines of the statement to be made by the Canadian Section of the Board. For this reason I shall not comment in detail but shall confine my remarks to the principal points raised by General Henry. Before passing on to the questions raised by General Henry, however, I might mention that in reading through your paper I did not always find mayself in agreement with the sequence of your argument as, for instance, in paragraph nine where it is stated that "we very much doubt if any military appreciation of our North American defence position over the next decade or decades will lead to the conclusion that the territorial integrity of our territories will be exposed to serious threat;" while in the final sentence of this paragraph the view is expressed that ". . . . . our defences will probaby require to be maintained on a greater scale in the future than they were in the past . . . . ." I feel sure that if your argument were fully developed these two statements would be reconciled.

With respect to the question of Continental Defence Value of the Canadian Northwest I am in agreement with the views you have expressed on the Northwest Staging Route, the Telegraph Line, the Gasoline Distribution Systems and Prince Rupert and Port Edward. As to the Haines Cut-off, I have very little information about its future defence value but, in any event, its chief value would probably be in connection with the defence of Alaska, and this is a question on which we might consult the United States.

The question of the post war defence value of the Alaska Highway is one which should receive thorough study before any decision is made. If it is decided that the Northwest Staging Route is a military requirement, then it would seem to follow logically that the highway, or certain portions of it at least, should be maintained in order to give access to the main and intermediate airfields and the landing strips constituting the Northwest Staging Route. Otherwise, the cost of transporting gasoline, equipment, stores and construction supplies to the airfields will be well nigh prohibitive. Just as an example, let us suppose that a runway at Watson Lake or Fort Nelson had to be extended by 1000 feet. If the Alaska Highway were not available, construction machinery, supplies, personnel, food stuffs, etc., would have to be flown in. I shall not dwell on this aspect of the question other than to state that the highway and the airway are inter-related and that the post war value of one cannot be properly assessed without reference to the other.

One of the questions raised by General Henry in his memorandum on Post War Collaboration related to joint Canada-United States staff conversations. This is not dealt with in your draft paper except for your suggestion in paragraph four that " . . . . . in future, it would be helpful if the Canadian

Service were made more fully aware of the bases of the appreciation of the United States Joint Chiefs of Staff as to the defence requirements of the North American continent." My own view is that Canada should not be drawn into any continental "bloc" which might involve us, for instance, in defence commitments in South America. On the other hand, certain defence arrangements between the United States and the United Kingdom may be of direct concern to Canada and in regard to these the Canadian Chiefs of Staff should be consulted. Furthermore, there will be problems of continental defence which mainly concern Canada and the United States and which, because they involve problems of strategy or the disposition of forces, could not be appropriately dealt with through the Permanent Joint Board on Defence. Such problems might well be discussed as they arise by the Canadian and United States Chiefs of Staff. As an instance, one might mention the defence problems in the Canadian Northwest and Alaska about which we are very much in the dark as regards United States military thinking.

The other main point raised by General Henry in his memorandum on Post War Collaboration relates to the standardization of equipment and supply as between the United States and Canadian Forces. As you have pointed out, there are political, historical and military reasons why Canada should continue to employ equipment and methods of organization used by the United Kingdom and the other Commonwealth countries. At the same time, we should perhaps not overlook the advantages of some degree of standardization with the United States, particularly where questions of continental defence are primarily concerned. My own opinion is that we should take a broad view of this question of standardization and endeavour to bring United States and United Kingdom thinking in the matter of equipment as much into line as possible. Here I think we might play a very important and helpful role. The present war has furnished many examples of the delay and expense of manufacturing or modifying important items of military equipment to meet particular Canadian, United States or United Kingdom standards, although the basic design in all cases was the same, and the modified equipment was used for the same purpose and in the same theatre of operations by different Forces fighting side by side. In this regard I have in mind particularly certain types of aircraft, radio equipment and armament. With these considerations in mind, I would suggest that we should not dismiss General Henry's proposal about standardization but rather that we should explore the possibility of effecting a greater degree of standardization as between the United States and the British Commonwealth.

ROBERT LECKIE
Air Marshall

**988.** DND/Vol. 6170

*Le représentant canadien de l'Air, CPCAD,*
*à l'officier d'état-major auprès du Premier ministre*

*Canadian Air Member, PJBD,*
*to Military Staff Officer to Prime Minister*

TOP SECRET Ottawa, August 16, 1945

Dear General Pope:

I have read with much interest the second draft[101] of your observations on the two memoranda which General Henry presented at the last meeting of the Permanent Joint Board on Defence. As you have pointed out, the questions under discussion involve so many unknown factors that it would be difficult, if not impossible, to answer them explicitly at the present time. Much depends on the assumptions we may make, and even in this regard there have occurred in the interval, since your first draft was written, developments which may alter our previous conception of the basis of military power. Under the circumstances, therefore, one is inclined to the belief that we can at best present to General Henry but an outline sketch of the Canadian point of view. This I feel you have succeeded in doing remarkably well in your second draft.

As suggested by you I shall endeavour to place in writing a few of the observations which I made in our telephone conversations with respect to your note of August 9th to the Chief of the Air Staff.†

My first observation had to do with the question of joint staff conversations as suggested by General Henry. In reading through your second draft the impression I gained was that a number of convincing arguments had been advanced by you in favour of joint staff conversations as, for instance:

"At the moment the Canadian Services have no information as to the views of the United States Army and Navy in these matters."

"It seems, therefore, to follow that in future it would be helpful if the Canadian Services were made more fully aware of the bases of the appreciation of the United States Joint Chiefs of Staff on the defence requirements of the North American continent."

The obvious suggestion is that these questions should be discussed by the Permanent Joint Board on Defence and that the Canadian Services, through that medium, should be kept fully informed of United States thinking on the matter of continental defence. The fact remains, however, that full information has not been forthcoming through the medium of the Board. This may be because the United States Chiefs of Staff have not considered the Board as a suitable place to reveal current United States strategic plans. Possibly they would be more disposed to take us into their confidence in such matters if conversations were held on a Chiefs of Staff level. But whatever the reason, I think we must admit that the Board meetings have not enabled us to keep in

[101] Pour le deuxième projet tel que présenté au CPCAD, voir le document 990.
For the second draft as presented to the PJBD, see Document 990.

close touch with United States military thinking. This is a matter in which the Board might interest itself with a view to improving our military liaison with the United States where matters of common defence are concerned, and I would like to see it suggested that the Board should take steps to arrange for joint United States-Canada staff conversations on the Chiefs of Staff level when specific defence problems of interest to the two countries arise. One beneficial result of such conversations would be that the Chiefs of Staff of both countries would be brought into close touch with one another and with the problems discussed by the Board. I understand that you have considered adding to the end of your draft observations the phrase "which might be carried out either through the medium of the Board or separate staff conversations." I am in full agreement with this suggestion, but in view of the considerations you have advanced in favour of a more complete exchange of military information I think it might be worthwhile to develop your suggestion further and to indicate the manner in which staff conversations might be arranged as well as the level on which they should be held.

In paragraph nine you have developed the idea that the northern half of our territories is unlikely to be threatened with invasion within the next one or two decades; that in the event of another major war the main Canadian effort will again consist in furnishing Armed Forces outside North America; and that, therefore, complete uniformity of equipment, organization and training as between the Forces of Canada and the United States would not be required. I agree with your conclusion but, at the same time, I would prefer to see the conclusion developed from different premises and these I would suggest might be somewhat as follows: that both Canada and the United States have subscribed to a World Security Organization which will strike at aggression wherever it arises; that the main Canadian effort will consist in sending Armed Forces outside North America to aid in enforcing the decisions of the Security Council, and to provide facilities for the rapid transit through Canada of Forces at the disposal of the Council; that in the performance of this role complete uniformity of United States and Canadian equipment, organization and training will not be required unless it should arise in the course of the development of uniform standards for all United Nations Forces at the disposal of the Security Council. The present tendency towards uniformity as between the Forces of the United States, Canada and the United Kingdom, which you have noted with approval, is perhaps an evolutionary trend in this direction.

General Henry has cited the Canadian Aleutian Force as an instance where re-equipment and re-organization to a uniform standard was necessary. Inasmuch as the Aleutians had been attacked by the Japanese, this seems to be a pretty convincing example of the need for uniform standards of equipment and organization where the defence of this continent from direct attack by an aggressor is concerned, and it is questionable if the Canadian Section should state that it would be straining the point to argue that this fell under the heading of continental defence. Would it not be preferable to admit that this is a valid instance of the need for uniformity, although it is out-weighed by the record of our close and intimate associations with the Forces of the British

Commonwealth, and by the role which Canada is probably destined to play in helping to maintain the peace of the world?

Events of the past few weeks will certainly demand a complete re-examination of our defence relationships with the United States. On the one hand, we shall have to consider if it is in Canada's interest to draw closer to the United States; on the other hand, the United States may be disposed to manifest a more direct interest in the development and defence of certain parts of Canada. While these are matters which will come up for future consideration, they do not necessarily need to be introduced into the discussion of the questions raised by General Henry, and I have framed my comments on the assumption that the scope of your draft statememt would not be altered materially from that which you had originally contemplated.

Sincerely,

C. R. D.
for W. A. Curtis
Air Vice Marshal

**989.** DND/Vol. 6170

*L'officier d'état-major auprès du Premier ministre au représentant canadien de l'Air, CPCAD*

*Military Staff Officer to Prime Minister to Canadian Air Member, PJBD*

TOP SECRET Ottawa, August 18, 1945

My dear Curtis:

I was very glad to get your very full and clear note S. 15-48-1 (AMAS B. 2) of 16th August, commenting on my second draft of a proposed verbal reply to General Henry at the next meeting of the Board. In reading these comments I have made several notes, which I append hereunder.

I am not sure that the United States Chiefs of Staff have not considered the Board as a suitable place to reveal current United States strategic plans. The principal reason, I think, is that our American friends are remarkably close in matters of this kind and are not disposed to come completely clean in any circumstances. However this may be, I see no reason whatsoever why we should not aim at a meeting of Canadian and U.S. Chiefs of Staff at the appropriate time, nor that we should not insert a suggestion to this end at the conclusion of the proposed reply.

Personnally, I am not sure that External Affairs would altogether go along with your restatement of the premises in the draft which lead up to the conclusion that complete uniformity of equipment, etc., is required at the present time. By this I mean that I have a feeling that the confidence in the Security Council which your words might seem to imply, is a little strong. Subject to this, I would be happy to accept your version.

I have always looked upon the Kiska and Attu operations as a diversionary effort on the part of the Japanese, and not as an attack against this continent. I think, too, that in this view I am supported by the United States Chiefs of Staff. In any event, I am sure that this is what they thought three years ago. Actually on this occasion we did adopt United States organization and a good deal of their equipment. The difference between us here however is not very great.

In view of the numerous points of view which must be brought into accord in this proposed reply, I think that the best way of putting the finishing touches to the paper would be by discussion around a table rather than in further correspondence. I have so suggested to Mr. Wrong, who agrees, and who has undertaken himself to go over the paper again from an External Affairs' point of view and to call a meeting of the Advisory Committee on Post-Hostilities Problems some time next week. If we can arrange this we ought to be able to dispose of this item in about an hour, and I sincerely trust that this will be done.[102] Time is running on and as I have feared from the very outset, we shall be hard put to it to get an agreed, and what is more, an approved statement in time for the meeting on the 4th of September.

With all kind regards,

Sincerely yours,

MAURICE POPE
Major-General

**990.** W.L.M.K./Vol. 318

*Mémorandum à la section canadienne, CPCAD*
*Memorandum for Canadian Section, PJBD*

SECRET Ottawa, September 3, 1945

Note on General Henry's statements on (a) Continental Defence Value of Canadian Northwest and (b) Canada-United States Post-War Collaboration, for use by Canadian Section at Meeting of the Permanent Joint Board on Defence to be held in Montreal, 4th September, 1945.

1. *Introduction.*

The Canadian Section listened with much interest to the remarks made by General Henry at our last meeting on the subjects of (a) Continental Defence Value of the Canadian Northwest, and (b) Canada-United States Post-War Collaboration. These subjects are of considerable importance to both countries and now that hostilities have come to an end they will tend more and more to become matters of practical politics. Actually, some of the points mentioned by General Henry came up in our day-to-day conduct of our war effort, and during the last few weeks the members of the Canadian Section have endeavoured to reach some tentative conclusions in their regard. As respects

[102]Aucun compte rendu d'une telle réunion ne fut trouvé.
No record of such a meeting was located.

others, there yet appear to be too many unknown factors to permit of a really objective appreciation. However this may be, we should like to offer the following observations to our United States colleagues, who will of course understand that in so doing we are merely expressing, in their presence, our personal and tentative views.

2. *General.*

As has been said, there are too many unknown factors in the international situation to enable us to study many of our defence questions with any degree of finality. The number, the nature and the scope of the special agreements to be negotiated on the initative of the future Security Council and of the regional arrangements for international security for which provision has been made in the Charter of the United Nations, have yet to be defined. Nor again can the question of defence co-operation within the British Commonwealth of Nations be yet said to be entirely clear. In these circumstances no clearly defined picture can be drawn.

3. Moreover, defence problems will only admit of rational solution on the basis of rational assumptions as to the nature and the measure of force to be resisted. We on our part are not unprepared to lay down such assumptions but we have here, as our name implies, to do with matters of joint defence which again implies that such assumptions be made in collaboration and not independently. At the moment the Canadian services have no information as to the views of the United States Army and Navy in these matters.

4. It might be pertinent here to recall that during the course of the war a number of defence installations were constructed in Canada at United States request but which eventually became a charge against Canadian public funds. We are of course all agreed that in war prompt action must be a paramount consideration, but we on our side find it difficult to exclude from our minds the thought that the cost of some of these facilities was out of proportion with their value as factors towards the achievement of victory. Our United States colleagues will doubtless remember that these doubts as to the ultimate value of one or more of these projects were expressed by some of us at the time they were first put in hand. It seems, therefore, to follow that in future it would be helpful if the Canadian Services were made more fully aware of the bases of the appreciation of the United States Joint Chiefs of Staff on the defence requirements of the North American continent. So much for the general picture.

5. *Continental Defence Value of the Canadian Northwest.*

As regards the continental defence value of the Canadian Northwest, our personal views as to the points raised by General Henry, quite informally, are as follows:

(a) *Northwest Air Staging Route:*

We entirely agree that the Northwest Air Staging Route is, and will continue to be, an integral feature of Alaskan defence and as such will be maintained indefinitely into the future. The division of responsibility between

the Military and Civil authorities and such questions as the number of airfields to be maintained as Air Force Stations are matters for later study and decision.

(b) *Alaska Highway:*

(i) In our view the defence value of the Alaska Highway as a whole may differ in some respects from that of the Air Route. Theoretically, perhaps, it can be argued that of itself the road directly adds to the defence potential of Alaska. We are under the impression, however, that no military supplies have ever been sent to Alaska via this route. Nor does the enemy appear to have made any attempt to interfere with the United States line of communication through the Gulf of Alaska. Moreover, it seems unlikely that, within the reasonably distant future, any Pacific Power will be in a position to threaten the sea route between Seattle and Alaskan ports.

(ii) On the other hand it is clear that certain sections of the highway are essential to the effective maintenance and supply of the airway. For this reason we feel that these said sections should be maintained to an effective standard.

(c) *Telegraph Line:*

The telegraph line would appear to have, *inter alia*, a useful role to play in the defence of the Canadian Northwest and Alaska. We therefore believe that a reasonable case for its continued maintenance can be made.

(d) *Gasoline Distribution systems:*

As we see them the gasoline distributing systems are a necessary feature of supply for the Air Route and they should be retained in operation. The question of the siting of the Skagway-Carcross pipe line will of course have to be resolved.

(e) *Haines Cutoff:*

The Canadian Section do not feel themselves to be in a position to assess the defence value of the Haines Cutoff and they would be glad of an indication of the views held by their United States colleagues under this head.

(f) *Prince Rupert and Port Edward:*

Certain United States installations at Prince Rupert are of defence interest to Canada. The same cannot be said of the Port Edward development.

6. *Canada-United States Post-War Collaboration.*

It need hardly be said that the members of the Canadian Section have read with interest of the proceedings of the Inter-American Conference at Mexico and of the signing of the Act of Chapultepec. In many, if not all respects, the questions involved seem in the last analysis to be of a political nature and as such not within the competence of the Board.

7. The question of Canada-United States post-war military collaboration does not appear to present any special difficulty. Our understanding, with which we are sure our United States colleagues will be disposed to agree, is that the founders of this body advisedly inserted the word "Permanent" in our title. There would then seem to be no reason why we should not, and every reason why we should, continue our collaboration of the last five years in matters of defence.

8. If this is agreed, the way ahead should be reasonably clear. We should both seek to agree as to the international picture of the coming post-war period in so far as this has a bearing on the question of North American defence. This having been done, it should only be necessary for us to revise Defence Scheme No. 2 (ABC-22) which has governed the employment of our forces disposed for home defence during the course of this war, so as to bring it into line with our new joint appreciation of our defence position. This having been done and the new plan having gained the approval of our respective Governments, it can be held in readiness (subject of course to periodic revision) to be put into effect by Governmental agreement in the event of an emergency arising.

9. With regard to General Henry's view that our tactical and supply problems for the defence of North America would be greatly simplified if Canadian and United States forces had interchangeable munitions and were trained and organized in general along similar lines, we are of opinion that no sufficient reason has yet been adduced to suggest that a major decision of principle under this head is expedient at the present time. We very much doubt if a military appreciation of our North American defence position over the next one or two decades will lead to the conclusion that the northern half of our territories is threatened with invasion. It therefore seems unlikely that within that time our ocean waters, our lands or our air will be the scene of major operations. Consequently, while our defence forces will probably require to be maintained on a greater scale in the future than they were in the past, they are unlikely in our view to be such as to require at an early date complete uniformity of equipment, organization and training of the Forces of our two countries.

10. We should, however, wish to make it clear that the way is quite open to us to model our forces on any pattern we may choose. As mentioned by General Henry, there have been two instances in which the Canadian Army has adopted the United States model so as to facilitate the integration of the smaller force with the larger one. These instances, however, have merely been episodes in the prosecution of the War against Japan and it would be straining the point to argue that they fell under the head of Continental defence. Nor do they in any way compare with the long record of our close and intimate association with the Forces of the British Commonwealth, which association seems not unlikely to continue.

11. There is however another aspect to this question. In view of the wide measure of standardization of Canadian and United States industry, as well as the difficulty sometimes experienced in times of peace of obtaining our accustomed equipment, the Canadian Forces have now and then sought and obtained certain United States types. Our mechanical transport is similar to yours. Many of our aircraft are of United States design and manufacture. There are signs that our radio and radar equipment are tending to standardize themselves along United States lines. Thus in some fields we can see uniformity developing on an *ad hoc* basis.

12. From a still wider aspect, we are of opinion that the co-ordination of military supply of the countries making up the English-speaking world would further the cause of international peace and consequently the security of our

common interests, and the achievement of this end would be facilitated by the standardization of British Commonwealth and United States military equipmment. While, therefore, for the reasons we have given, we do not consider that a convincing case can yet be made for us to decide now to adopt United States standards, we have no hesitation in saying that uniformity of United Kingdom and United States military organization, training and equipment appears in our view to be a most desirable objective and Canadian influence, such as it may be, will always be exerted to that end.

13. In conclusion, may it be said that we trust that this informal expression of our personal views may be of interest to our United States colleagues and of some value to them in the further consideration of our joint defence problems, which might be carried out either through the medium of the Board or by separate staff conversations. Possibly on some appropriate occasion our Chiefs of Staff might meet for the purpose of making a broad survey of the requirements of North American joint defence.

**991.** W.L.M.K./Vol. 318

*Extrait du compte rendu des débats et des décisions de la CPCAD*
*Extract from Journal of Discussions and Decisions of PJBD*

Montreal, September 5, 1945

1. The Permanent Joint Board on Defence met in Montreal at 2:30 p.m., Tuesday, September 4, 1945, the following participating:

| *Canadian Section* | *United States Section* |
|---|---|
| Gen. the Hon. A. G. L. McNaughton | Mayor F. H. LaGuardia |
| Vice Admiral G. C. Jones | Vice Admiral D. W. Bagley (assisted by Lt. R. B. Wheeler) |
| Maj. Gen. M.A. Pope | Maj. Gen. G. V. Henry |
| Air Vice Marshal W.A. Curtis | Col. C. H. Deerwester |
| Group Captain W. W. Bean | Captain T. P. Jeter |
| Col. J. H. Jenkins | Mr. J. D. Hickerson |
| Mr. R. M. Macdonnell | |

. . .

6. General Pope referred to the discussion which took place at the last meeting of the Board on the statements presented by General Henry on the Continental Defence Value of the Canadian Northwest and Closer Postwar Defence Collaboration between Canada and the United States. In order to carry this discussion a step further, General Pope made a number of observations on behalf of the Canadian members, representing their personal and tentative views. It was agreed that this continuation of the earlier discussion had been profitable and provided material for further study. Copies of General Henry's memoranda, read at the meeting held on June 14, and of the Canadian Section's paper above referred to are annexed.

The United States Section associated themselves with the view expressed by the Canadian Section that the question of Canada — United States postwar military collaboration does not appear to present any special difficulty. Both were agreed that the founders of the Permanent Joint Board on Defence advisedly inserted the word "Permanent" in the Board's title. This being so, there would seem to be no reason why the two countries should not, and every reason why they should, continue their collaboration of the past five years in matters of defence.

In further discussion General McNaughton suggested that the most feasible way of achieving uniformity of armaments would be to bring about joint collaboration in the development of new weapons or materiel. The Board agreed with this view.

. . .

**992.** W.L.M.K./Vol. 318

*Compte rendu des débats et des décisions de la CPCAD*

*Journal of Discussions and Decisions of PJBD*

New York, November 8, 1945

1. The Permanent Joint Board on Defence met in New York on Wednesday, November 7, 1945, at two p.m. at the Mayor's House. The following members participated:

| *Canadian Section* | *United States Section* |
|---|---|
| General A. G. L. McNaughton | Mayor F. H. La Guardia, Chairman |
| Captain H. S. Rayner | Vice Admiral David W. Bagley |
| Major General H. F. G. Letson | Major General Guy V. Henry |
| Colonel J. H. Jenkins | Captain Felix L. Baker |
| Air Vice Marshal W. A. Curtis | Colonel Charles Deerwester |
| Group Captain W. W. Bean | Mr. J. Graham Parsons |
| Mr. R. M. Macdonnell | |

The Board welcomed two new members, Major General H. F. G. Letson, who replaces Lieutenant General Pope as senior Canadian Army Member, and Captain Felix L. Baker, who replaces Captain T. P. Jeter as United States Naval Air representative.

2. Air Vice Marshal Curtis referred to an indication from General Gaffney, Commander, Alaskan Wing, Air Transport Corps, that the United States forces would withdraw from the Northwest Staging Route on April 1, 1946, and asked if the United States Army representatives could provide further information on this subject. General Henry replied that he believed that details of this matter could best be settled at the meeting to be held in Ottawa on November 12 between Service representatives. He said, however, that the United States forces planned to withdraw all personnel from the Route except at Edmonton, Fort Nelson and Whitehorse. At these points it was expected to maintain small detachments rather indefinitely. It was understood that the

foregoing statements apply to airforce personnel and not to landline maintenance and other ground personnel.

3. Air Vice Marshal Curtis referred to the program of assigning understudy personnel to learn the operation of the landline communications system, Northwest Staging Route, prior to take over by Canada and asked if the United States would be able to keep key technical personnel on duty to train their Canadian successors. General Henry stated that men having sufficient points for discharge would necessarily be returned home but a program was in hand to assure sufficient competent replacement personnel. In addition, it was hoped that many of the technical personnel now available would re-enlist.

In response to a question as to Canada's responsibility for maintenance of landlines along the Canol Project, General Henry stated that Canada has no responsibility for maintenance from the point where the Canol Line branches off from the route of the Alaska Highway to Norman Wells and from the point where it branches off at Carcross to Skagway.

General Henry distributed copies of a memorandum setting forth United States requirements and interests, military, civil and air, in the landline system paralleling the Alaska Highway. This memorandum is attached to the journal as an appendix[†] and states that from the point of view of the defence of the North American Continent, the United States is interested in the continued maintenance and use of the Northwest Staging Route, the Alaska Highway and the Canol pipeline distributing system. General Henry then said that the Civil Aeronautics Administration, the United States Weather Bureau, the Department of the Interior (Alaskan Branch), the Army Air Forces and the Army Signal Corps were all interested in maintenance of the landline system. He stated that the last named organizations expected to lease two circuits each to cover their continuing requirements.

4. Mr. Macdonnell inquired as to the United States long range plans for weather services in the far North. General Henry stated that he understood that a great deal of thought had been devoted to this question from a purely weather viewpoint; there were oceanographic and other considerations of importance. He hoped that both governments would consider this general question from a broad viewpoint.

General McNaughton referred to the establishment by private scientific interests of the Arctic Institute of North America and distributed to the members a paper[†] describing the organization, objectives and present status of the Institute. The importance of the Institute and the interest of its work to the Board were noted. Colonel Deerwester distributed a paper on the Arctops project.[†]

General Henry then read a memorandum in regard to United States Weather Stations in Canada and announced the willingness of the War Department to turn over the United States equipment involved if assurance

could be obtained from Canada that it would be maintained in service after June 30, 1946. It was agreed that the Canadian Section would take up this proposal with the appropriate Canadian authorities and would later advise the United States Section. General Henry's memorandum on this subject is appended to the Journal†.

General McNaughton referred to the need for two new weather reporting stations in the vicinity of Baker Lake and Banks Island but felt that the matter of these proposed new stations should be kept separate from the question of the transfer of United States equipment now in Canada. There was general agreement that this question should have continuing attention.

5. Air Vice Marshal Curtis referred to the exchange of notes of December 16th, 1940,† and the subsequent exchange dated March 27th — April 18th, 1941.† In regard to the reciprocal transit of military aircraft and public vessels in Canada and the United States, it was noted that these exchanges had been entered into as a matter of comity between the two Governments. The members of the Board expressed their satisfaction as to the manner in which this continuing arrangement had operated.

6. Air Vice Marshal Curtis referred to the forthcoming transfer of certain air fields on the west coast from the Royal Canadian Air Force to the Department of Transport and inquired whether the United States had any requirements for the future maintenance of the Coast Air route to Alaska. General Henry and Captain Baker both stated that this route was essential to the future operations of the Army Air Forces and Naval Air Service. It was agreed that questions as to the maintenance of particular fields or landing strips should be made the subject of correspondence between the service members.

7. Air Vice Marshal Curtis inquired as to United States long range requirements for air facilities in Newfoundland and Labrador. General Henry replied that Goose Bay was considered by the War Department as essential to the defence of North America but that the interest in Gander was secondary. He stated that the United States personnel now at Goose could be reduced but that as long as United States troops remained in Europe, it would be necessary to retain some personnel there. As regards Gander, all the United States personnel could be withdrawn at once, provided that communications and weather facilities could be provided by Canada.

8. Air Vice Marshal Curtis inquired if a take-over date could be set for the buildings now occupied by United States Forces at Goose Bay and Gander. General Henry stated that he would take this matter up and inform Air Vice Marshal Curtis by letter.

9. Vice Admiral Bagley and General Henry presented to the Secretary of the Canadian Section of the Board a joint proposal on the general subject of continued collaboration between the United States and Canada. The Canadian Section agreed to transmit this proposal to the Canadian Government. It was

decided that if the proposal is accepted, the service members would prepare suggestions for procedure under the proposal and that they would then be considered at an early meeting of the Board.

10. The Canadian service members stated that as a practical measure of continuing collaboration and to assist in co-ordinating the Armed Forces of United States and Canada, Canada's Chiefs of Staff recommend that the practice of interchange of Canadian and United states officers within selected positions should be developed. Such a system would promote better understanding and knowledge within the respective Services of the two countries and would be particularly valuable in such matters as the development and use of weapons, logistics, communications and organization. Some exchanges have been effected during wartime but it is felt that these should now go forward on a carefully planned basis.

The Board agreed that the continuance of exchange of officers between United States and Canadian Navy, Army and Air Forces was desirable and that the selection of positions to be interchanged should be left to the Chiefs of Staffs concerned.

The United States Navy and Army members undertook to seek the approval of their Chiefs of Staff to this proposal.

11. General Henry read a statement on the future importance of the Northwest Staging Route. This statement is attached as an appendix to the Journal.† It indicates that the War Department is concluding that the Northwest Staging Route is as important to the future defence of the North American continent as it was when the Permanent Joint Board on Defence made its 10th recommendation on November 14th, 1940.[103] In view of this, the War Department is gratified that the Canadian Government is undertaking — for a limited period at least — the maintenance and operation of the Northwest Staging Route, the landline and the highway. The Canadian Section undertook to present this statement to the appropriate Canadian authorities.

12. General Henry distributed copies of a memorandum which he had written to the Secretary of the Canadian Section announcing the decision of the United States to continue the maintenance of the Stephenville-St.John's landline. The memorandum is attached to the Journal as an appendix† and the Secretary of the Canadian Section will inquire as to any Canadian requirements for rental or lease of circuits.

13. General Henry presented a detailed memorandum† as to the terms upon which the United States proposed to turn over, under the exchange of notes of June 23-27, 1944,[104] certain categories of equipment along the Alaska Highway, the pipeline distributing system and the Northwest Staging Route.

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[103]Voir/See Colonel S.W. Dzuiban, *Military Relations Between the United States and Canada 1939-1945*. Washington, Government Printing Office, 1959, p. 35.

[104]Canada, *Recueil des traités*, 1944, N° 19.
Canada, *Treaty Series*, 1944, No. 19.

The Canadian Section expressed their gratification that this matter had been clarified on what appeared to be a most satisfactory basis.

14. Progress reports were presented by the Service Members and discussed by the Board.

15. After agreeing to meet in Canada on January 15th, 1946, the Board adjourned at one p.m., Thursday, November 8th.

**993.** DEA/52-Cs

*Mémorandum du secrétaire, la section canadienne, CPCAD, au Cabinet*

*Memorandum from Secretary, Canadian Section, PJBD, to Cabinet*

[Ottawa,] December 13, 1945

POSTWAR DEFENCE COLLABORATION WITH THE UNITED STATES

1. At the meeting of the Permanent Joint Board on Defence held on November 7th, the senior United States Army and Navy members presented identical communications† addressed to them respectively by the Secretary of War and the Secretary of the Navy, in the following terms:

"Although the 'Ogdensburg Agreement' provides a continuing basis for common military action by the United States and Canada, it appears that the Joint Canadian-U.S. Defence Plan (ABC-22), which provided for specific action in the event that the United States and British Commonwealth were associated in the war against Germany and her allies, requires revision. While the Plan did not fix a period for which it was to be effective, its general tenor was such as to provide for the war just concluded.

"I desire that you initiate. . . . . conversations leading to revision of ABC-22 to provide, in the light of changed world conditions, a continuing basis for joint action of the military forces of Canada and the United States in order to ensure the security of Alaska, Canada, Labrador, Newfoundland, and the northern portion of the United States."

The Canadian members of the Board undertook to seek the views of the Canadian Government.

2. The Joint Canada-United States Defence Plan (ABC-22) was prepared in July, 1941, before the United States entered the war. Its purpose was to assign definite responsibilities to the forces of each country in providing for the local defence of North America (in the event of the United States becoming a belligerent) and to assure close liaison and cooperation.

3. The plan was drawn up through the medium of the Service Members of the Permanent Joint Board on Defence following staff conversations between the United Kingdom and United States which took place early in 1941. ABC-22 was thus designed to fit into the broader strategic picture drawn up by the United Kingdom and United States Chiefs of Staff. The tasks to be undertaken jointly by Canada and the United States were set forth as follows:

(1) Protect associated overseas shipping in the northern portions of the western Atlantic and Pacific areas.

(2) Defend Newfoundland and protect associated sea communications within the coastal zone.

(3) Defend eastern Canada and the northeastern portion of the United States and protect sea communications within the coastal zones.

(4) Defend Alaska and protect sea communications within the coastal zone.

(5) Defend western Canada and the northwestern portion of United States and protect sea communications within coastal zones.

4. With the entry of the United States into the war ABC-22 came into operation. Thereafter throughout the war, it served as the basis for effective cooperation between Canada and the United States in meeting problems of local defence, and its value has been widely recognized by the Service authorities of both countries.

5. In considering the United States proposals for revision of ABC-22, it is pertinent to recall the conclusions of the paper "Postwar Canadian Defence Relationship with the United States" (C.W.C. document No. 917)[4] which was approved by the Cabinet War Committee on July 19, 1945.[105] These conclusions were summarized in the paper as follows:

(a) That the defences of Canada should be closely coordinated with those of the United States after the war;

(b) That the Permanent Joint Board on Defence will continue to be a valuable means of facilitating this coordination;

(c) That relations between the United States and the U.S.S.R. are of special concern to Canada;

(d) That in joint planning with the United States, Canada should accept full responsibility for all such defence measures within Canadian territory as the moderate risk to which we are exposed may indicate to be necessary;

(e) That Canada should continue to accept responsibility for the local defence of Newfoundland and Labrador, and that the part of the United States in the defence of these territories should be limited to the operation of their leased bases in Newfoundland;

(f) That the new vulnerability of this continent necessitates the maintenance of larger Canadian armed forces than before the war;

(g) That the exchange of technical information on military research and development between Canada and the United States should continue, and that Canada should maintain the means of making an effective contribution to such exchange.

*Recommendation of Cabinet Defence Committee*

6. At their meeting of December 4th the Cabinet Defence Committee agreed to make the following recommendation to the Cabinet:

"That the United States proposal for continued collaboration in defence planning be accepted and that the Chiefs of Staff Committee, with the addition

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[105]Le 28 février 1945. Voir les documents 976, 978 et 979.
February 28, 1945. See Documents 978 and 979.

of appropriate civilian officials, be given the responsibilty for coordinating Canadian participation in the preparation of joint plans."

7. In amplification of this recommendation, the following proposals are submitted for approval:

A. *Principles*

(i) It is recommended that the conclusions of C.W.C. Document 917 mentioned in Paragraph 5 above be taken as general terms of reference by Canadian planning groups. With regard to (e), dealing with Newfoundland, the uncertainty respecting the future Constitution of Newfoundland may make it difficult to conclude long-term arrangements with respect to defence facilities. Nevertheless, in view of the strong position held in Newfoundland by the United States because of its leased bases, it is felt that Canada's strategic position should be safeguarded.

(ii) It is not unlikely that the United States may propose the acceptance by Canada of defence responsibilities on a considerable scale. It is therefore recommended that joint discussions with the United States should proceed in the first instance in terms of current plans for Canada's postwar forces, and that guidance from the Government should be sought in the event that any substantial departure from these plans, or from the conclusions outlined in Paragraph 5, is urged by the United States.

B. *Procedure*

(i) Arrangements for joint planning with the United States to be made through the Permanent Joint Board on Defence.

(ii) The Chiefs of Staff Committee to delegate to their Joint Planning Sub-Committee the responsibility for the necessary collection of information and drafting, the Secretary of the Canadian Section of the Permanent Joint Board on Defence and the Secretary, Cabinet Defence Committee, being added to the Planning Committee for these purposes.

8. It is in the national interest that joint planning begin as soon as possible in order that we may learn as much as possible about the plans being formulated in the United States, since these will affect the decisions now being taken on the composition of Canada's postwar forces.[106]

R. M. MACDONNELL

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[106]Le Cabinet approuva la recommandation du Comité de défense le 19 décembre,
The Cabinet approved the Defence Committee's recommendation on December 19,
"on the understanding that any new plan for joint defence would be submitted to the government for decision."

**994.** DEA/50199-40

*Nouveau projet de mémorandum du ministère des Affaires extérieures*
*Second Draft of Memorandum by Department of External Affairs*

TOP SECRET [Ottawa,] December 15, 1945

UNITED STATES MILITARY BASES ABROAD

I. It is a matter of public knowledge that the United States War and Navy Departments are anxious to retain or establish rights in military bases in non-United States territory for the postwar period. This has been discussed to some extent in Congress and in the press but without much specific indication as to what the War and Navy Department want. From documents[1] received from United Kingdom sources by the Department of External Affairs, to which an exceptionally high degree of secrecy attaches, it is possible to outline the trend of United States policy which may be summarized as follows:—

A. ATLANTIC

(a) *Newfoundland, Bermuda and the Caribbean.*

It was announced in 1940 that ninety-nine-year leases to these bases had been given by the United Kingdom. It is to be assumed that the United States will wish to retain rights in all these bases.

(b) *Iceland.*

The United States Government has been in negotiation with the Icelandic Government since September last for long-term leases of a naval base and two air bases. No specific civil air rights are apparently being sought. The Icelandic Government has not been prepared to grant long-term leases, although it is willing to conclude short-term leases which would expire when an international security system has been set up under the United Nations Organization. A short-term agreement is not regarded as satisfactory by the United States, although they are ready to agree that the bases should be available to the Security Council. Negotiations appear to have reached a temporary impasse, although they are expected to continue.

(c) *Greenland.*

No information has been received with regard to United States intentions but it is reasonable to conclude that they will wish to retain rights in at least one of the air bases which they constructed during the war. Indications of renewed United States interest in the air fields at Chimo and Frobisher in northeastern Canada support this belief.

(d) *Azores and Cape Verde Islands.*

Although earlier the United States appeared to have in mind air bases in the Azores which would either be under tripartite Anglo-U.S.-Portuguese control or under the Security Council of the United Nations Organization, they have more recently proposed to the United Kingdom that long-term rights to operate military bases in both groups of these Portuguese islands should be sought. They suggested that these rights should be exercised jointly by the United States and Portugal. Civil air rights under this proposal would be extended on

a more favoured nation and non-discriminatory basis. The United Kingdom in turn, have made the suggestion that the best solution would be to treat the Azores as a free-for-all civil aviation station but to have it equipped under an agreement between Portugal, which would retain sovereignty, Brazil, the United States, Canada and the United Kingdom. They have also suggested that the execution of any such plans should be postponed until the United Nations Organization is in operation and Portugal has been admitted to membership. It is thought that the United States might not seek to develop facilitaties in the Cape Verde islands, although desiring to secure the right to do so.

(e) *West Africa.*

No indications of United States policy have been received recently but it is known that the late President Roosevelt had discussions with General de Gaulle about a United States base at Dakar. No conclusions were reached and the present position is obscure. Long-term bases might be sought in Liberia.

(f) *Ascension Island.*

The United States are seeking joint military air rights with the United Kingdom.

(g) *Latin America.*

It is not known what long-term rights the United States may seek to secure in Latin American countries, such as continued use of their existing air bases in Brazil.

B. PACIFIC

(a) In territories administered by the United Kingdom, Australia or New Zealand, the United States wishes to obtain long-term base rights as follows:

| *Place* | *Sovereignty* | *Nature of Rights* | *Use.* |
|---|---|---|---|
| Canton Is. | United States — British joint control | Exclusive and possession | Naval and Air |
| Christmas Is. | Disputed, United States — British | Exclusive and possession | Air |
| Espiritu Sante. | French — British condominium | Joint | Naval and Air |
| Funafuti | disputed, United States — British | Exclusive and possession | Naval and Air |
| Guadalcanal Tulagi | British | Joint | Naval and Air |
| Manus | Australian Mandate | Joint | Naval and Air |
| Tarawa | British | Joint | Naval and Air |
| Upolu | New Zealand Mandate | Joint | Air |
| Vitilevu | British | Joint | Naval and Air |

(b) In addition to Funafuti and Christmas mentioned in (a), the United States want the United Kingdom and New Zealand to withdraw their claims and recognize United States sovereignty over the following twenty-three islands in which they dispute the British claim to sovereignty: Vostok, Danger, Malden, Nukufetau, Starbuck, Caroline, Nurakita, Flint, Nukulailai, Canton,

Atafu, Enderbury, Nukunono, Phoenix, Fakaofo, Sydney, Penrhyn, Hull, Manihiki, Gardner, Rakahanga, McKean, Birnie.

(c) It can be assumed that the United States will wish to maintain bases in islands formerly under Japanese sovereignty or mandate. No particulars of their plans in this respect have been received.

(d) Rights in the Philippines are being sought.

(e) It is a matter of public knowledge that the United States are seeking rights in the Galapagos islands off the Ecuador coast.

(f) Possibly other requests for bases are being put forward (for example, in French, Chinese, or Netherlands territory) of which we have heard nothing.

II. ATTITUDE OF THE UNITED KINGDOM

The United Kingdom authorities are clearly concerned over these developments. They fully recognize the value of close relations with the United States for defence purposes, but they see serious objections to concluding arrangements in advance of the international security system under the United Nations Charter. It is of military importance to the United Kingdom that the United Nations Organization should be a success and any action which might prejudice that success would be open to both political and military objections. Although the United States seem to contemplate that all their bases in territories of other countries would be made available to the Security Council, they object in London to an attempt by the United States to stake their claims before the Security Council is set up. In particular, they feel that early action of the kind proposed would give the Soviet Union justifiable grounds for suspicion which would create difficulties when the Security Council is being established, and which might encourage the Soviet Union to take unilateral action in respect to the bases which they desire.

A further point made by the United Kingdom authorities is that a clear definition must be drawn between the granting of rights for military bases and the granting of facilities for civil aviation. This is particularly important as regards the disputed islands in the Pacific, both from the point of view of preserving United Kingdom rights to facilities therein and of obtaining such facilities in territory in the Pacific under United States control. In connection with the requests of the United States, they are anxious in London to secure United States support for their own requirements, and they desire full information on the demands which may be addressed to other countries.

Discussions are proceeding between the United Kingdom and the United States, especially on the question of avoiding action which would prejudice the success of United Nations Organization to which the United Kingdom attaches so much importance.

The United Kingdom have said that they would be very glad to have any comments at this stage which the Canadian Government may feel able to offer.

III. CANADIAN INTERESTS

Canada has obviously an immediate interest in the rights secured by the United States to Atlantic bases in Newfoundland, Bermuda, Iceland and Greenland, and a considerable though lesser interest in the position in the

Caribbean, Azores and other Atlantic locations. All the places in the Pacific mentioned in Section I.B. of this paper are remote from Canadian territory, and our interest in what is done is part of our general interest in the maintenance of peace and security.

There is some ground for the anxiety expressed in London over the effect on the United Nations Organization of the exercise of pressure at this time by the United States to secure exclusive or joint rights with so wide a range of territories. The chief cause for nervousness is the possibility that the Soviet Government will be moved to do likewise in Bornholm, Spitzbergen, the Finnmark district of Norway, the Straits and perhaps the Aegean, and in the countries of Europe and Asia which border on Soviet territory. So far as is known here, the only recent Soviet move in this direction has been an approach to Turkey with respect to the Straits, although Mr. Molotov at the Council of Foreign Ministers last September implied a Soviet interest in Tripolitania, Eritrea, and the Dodecanese. In any case, it is in the interests of Canada that the influence and prestige of the United Nations Organization should not be lowered by a preliminary contest for far-flung rights to bases conducted by the two greatest of the large powers.

On the other hand, Canadian defence would be assisted by the maintenance of United States bases in the Atlantic and Pacific, especially in Iceland and Greenland. While the United States proposals set forth in Section I may be regarded as reflecting somewhat grandiose ideas, held in the War and Navy Departments more strongly than in the White House and State Department, yet, if bases are to be established around the world, it is i our interest that the United States should bear a large part of the responsibility and expense, especially as they are likely to make them available for the purposes of the Security Council on acceptable terms. Criticism is thus directed more at the timing than at the aims of their proposals.

By inference, however, these proposals, from their scale and extent, are of great concern to Canada. They contemplate that the United States will secure rights on the far side of the Pacific, both North and South of the Equator and on, or close to, the Atlantic coasts of Africa. If they feel they need so much so far away, what are the scales of defence that they will regard as satisfactory in the northern part of their own continent? What sort of action will they request of Canada, or what rights will they seek from Canada, to complete their system of extra-territorial defences?

[R. M. MACDONNELL AND HUME WRONG]

## PARTIE 3/PART 3
# ARRANGEMENTS ÉCONOMIQUES PENDANT LA GUERRE
# WARTIME ECONOMIC ARRANGEMENTS

### SECTION A
### COMITÉS ÉCONOMIQUES MIXTES
### JOINT ECONOMIC COMMITTEES

**995.** DEA/1497-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

No. 159 Washington, January 22, 1944

Sir,

Enclosed are five copies of a note dated January 20th received from the Secretary of State, proposing in effect that the Joint Economic Committees be abolished.

2. For the documents referred to in the opening paragraph of the enclosed note, please see my despatch No. 1730 of June 17, 1941,[1] and previous correspondence.

3. I understand that the desire of the United States Government to liquidate the Committees will not come as a surprise to the Department of External Affairs.

4. There is one curious and inaccurate statement in the enclosed note to which I should like to direct your attention. It is the statement in the third paragraph that—

"Within six months of the establishment of the Committees, both Canada and the United States were attacked by Japan. . . ."

5. You will note that the State Department is willing to continue, under its own auspices, the work on the United States side of the North Pacific Project which is at present being carried on by the Joint Economic Committees.

I have etc.

L. B. PEARSON
for the Ambassador

[PIÈCE JOINTE/ENCLOSURE]

*Note du secrétaire d'État des États-Unis à l'ambassadeur aux Etats-Unis*

*Note from Secretary of State of United States to Ambassador in United States*

Washington, January 20, 1944

The Secretary of State presents his compliments to His Excellency the Ambassador of Canada and refers to the Aide-Memoire of the Canadian Legation of March 17, 1941,[107] the Aide-Memoire of the Department of State of June 6, 1941[108] and the Aide-Memoire of the Canadian Legation of June 17, 1941,† by which the Joint Economic Committees were established.

These Committees have, in the opinion of the Government of the United States, served a useful purpose in recommending to the two governments measures which have for the most part been put into effect for the better utilization of the combined resources of the two countries in the production of defense requirements and for the better coordination of war-time measures and controls in the two countries, they have surveyed economic problems of the common concern which will face the two countries after the war, and they have initiated an intensive survey of the development of the North Pacific area of Canada and Alaska.

Within six months of the establishment of the Committees, both Canada and the United States were attacked by Japan and the aggressor countries of Europe declared war on the United States. These developments greatly extended the number of agencies for collaboration between the two Governments for the prosecution of the war and thus affected, almost from the outset, one of the two principal fields in which the Joint Economic Committees were expected to function. In fact, the Committees have not occupied themselves with problems of war-time collaboration for over a year.

With respect to their second proposed function, i.e., exploration of the possibilities of a greater degree of economic collaboration between the two countries to minimize the probable post-war economic disequilibrium in each country, the Committees recognized early in their deliberations the impossibility of making great progress without simultaneously considering the economic relations of the two countries not only to each other but to the rest of the world as well. This larger task was not one for which the Committees were established, nor was it one which they could have undertaken at that time.

For some time technical experts of the two Governments have been engaged in informal exploratory discussions of proposals for international exchange stabilization. The two Governments have now designated technical experts to

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[107]Volume 8, pièce jointe, document 182./Volume 8, enclosure, Document 182.
[108]Volume 8, la pièce jointe, document 203./Volume 8, enclosure, Document 203.

conduct similar exploratory discussions at the expert level with a view to developing an orderly agenda on questions of commercial policy, commodity policy, and cartels.[109] In due course more formal consideration of some or all of these and other subjects may presumably be expected, involving all the United Nations and those associated with them.

In the field of general economic relationships and post-war readjustments, therefore, the course of events is tending to follow that in the field of war-time collaboration.

This raises the question of the present and future functions of the Joint Economic Committees. It is the view of the Government of the United States that the circumstances under which the Committees were established have altered, that the present requirements can be more adequately served by other means, and that it is doubtful whether a sufficient residue remains of their original functions to make desirable the continuance of the Committees.

The Government of the United States therefore proposes that, if the Canadian Government agrees, the Committees be regarded as having completed their work and that announcement to this effect be made at a mutually convenient early date. With regard to the North Pacific Project of the Committees, the Department of State would be prepared to continue, under its auspices, the work on the United States side until June 30, 1944, by which time it is anticipated that the task can be completed.

Enclosure:† "Arrangement Between the United States and Canada Effected by aide-memoire Dated March 17 and June 6 and 17, 1941"

**996.** DEA/1497-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] March 1, 1944

It has been felt for some time by those concerned with the work of the Joint Economic Committees that their effectiveness has largely disappeared due to the development, since their establishment in June, 1941, of many other agencies of contact and cooperation between the United States and Canada. The Committees have made several surveys of problems of wartime coordination that will have post-war implications, but they are hardly suited for the increasingly necessary examination of particular post-war problems. Among other factors, they labour under the disability of their joint character which raises serious difficulties when any problem is to be dealt with that should first be examined nationally. The United States authorities have come to the same conclusions, and on January 20th the Secretary of State sent a note to Mr.

[109]Voir le document 48 et le volume 9, document 590.
See Document 48 and Volume 9, Document 590.

McCarthy proposing that "the Committees be regarded as having completed their work and that announcement to this effect be made at a mutually convenient early date."[110] The members of the Canadian Committee who have commented on this are in agreement.

I think a note should be sent agreeing to the proposal and suggesting that an announcement in the form of a short press release be made on an agreed date. You may wish to announce the termination of the Committees' work in the House, but, on the whole, I think that a less prominent form of announcement will be less conducive to misinterpretation of the move.[111]

[N. A. ROBERTSON]

**997.** DEA/1497-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs to Ambassador of United States*

No. 313 Ottawa, March 7, 1944

Sir:

I have the honour to refer to your despatch No. 159 of January 22 enclosing copies of a note from the Department of State proposing that the Joint Economic Committees be regarded as having completed their work. As you suggested, this desire on the part of the United States Government does not come as a surprise to the Department of External Affairs.

It would be appreciated if you would communicate with the State Department informing them that the Canadian Government agrees with the suggestion that the Joint Economic Committees be regarded as having completed their work and that an announcement to this effect should be made at a mutually convenient early date.

While it would be desirable that a public announcement should be made concerning the termination of the work of the Committees, I do not think that it is necessary to have a publication of a formal exchange of notes. There would, I think, be advantages in having an announcement which would explain briefly the reasons for the termination of the Committees' work, while at the same time avoiding any large degree of emphasis on the move which might lead to misinterpretation. In accordance with this, perhaps it might be suggested that a press release should be made at 11:00 a.m. E.D.T. one week from to-day, March 14, along the following lines:

"It was announced to-day that the Governments of Canada and the United States had agreed to dissolve the Joint Econonic Committees which were

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[110]Note marginale:/Marginal note:
I wholly agree. K[ing]

[111]Note marginale:/Marginal note:
approved. W. L. M. K[ing] 4-3-44.

established in June, 1941, to assist in the collaboration of the two countries in the utilization of their combined resources for the requirements of war. The Committees have been of great assistance, not only in the coordination of wartime measures and controls, but also in surveying and advising on economic problems of common concern. It has been agreed, however, by the two Governments that the development of other agencies for coordination and exchange of views and the establishment during the past three years of methods of cooperation in production and the use of resources, have rendered unnecessary the continued operation of the Committees."

I should appreciate it if you would inform me after communication with the State Department whether they are in agreement with the above suggestions.[112]

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**998.** DEA/1497-40

*Le deuxième secrétaire, l'ambassade aux États-Unis, au secrétaire, la section américaine, CPCAD*

*Second Secretary, Embassy in United States, to Secretary, American Section, PJBD*

Washington, March 16, 1944

Dear Mr. Hickerson:

There was one omission from our note No. 85 of March 10th† regarding the Joint Economic Committees. The State Department's note of January 20th concluded with these remarks:

"With regard to the North Pacific Project of the Committees, the Department of State would be prepared to continue, under its auspices, the work on the United States side until June 30, 1944, by which time it is anticipated that the task can be completed."

We should have said in our note that the Canadian Government will arrange for the continuance of whatever work is required on the Canadian side of the North Pacific Project until June 30, 1944, by which time it is anticipated that the Project will have been completed.

Sincerely yours,

M. H. WERSHOF

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[112]Les annonces furent faites à Washington et à Ottawa, comme il avait été suggéré.
Announcements were released in Washington and Ottawa as suggested.

## SECTION B

### DÉPLACEMENT DE LA MAIN-D'OEUVRE
### MOVEMENT OF LABOUR

**999.** DEA/2727-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

No. 47 Washington, January 7, 1944

Sir,

Mr. Hull on Wednesday afternoon, the 5th January, requested that I should call upon him on Thursday afternoon at 4 o'clock, without indicating the reason or matter he desired to discuss.

I learned later from Mr. Hickerson that it was with reference to the question of supply of Canadian woodsmen to work in the Maine woods; and probably also with reference to the supply of pulp and pulpwood to United States consumers.

I sent for Mr. Plumptre and Mr. Monteath Douglas,[113] who are in charge of this, and got fully briefed by them, for which I was really very thankful.

Mr. Hull opened the conversation by stating that the question of the supply of Canadian labour to work in the woods of Maine was he feared approaching a combustible state, and that there was going to be on Capitol Hill adverse criticism of Canada of a combustible nature, which by co-operation and discussion might be avoided. He intimated that some of their people were going to Ottawa to discuss it with our people. I told him that I was sure they would be most welcome. I also told him that we were in constant collaboration on a lower level on these matters, and that I had a feeling that those who were collaborating with us did not feel that we were unreasonable or un-cooperative.

I found that he did not know very much about the facts, so took advantage of the opportunity to give him an outline as I understood it of our position, telling him first, that the question of the supply of men had been decided on Cabinet level; that Canada was suffering tremendously from the lack of manpower; that our paper mills were only working up to 65% of their capacity; and that from Canada's standpoint permitting men to work in the woods of Maine was not a popular proposition, and particularly so in the Province of Quebec, pointing out to him also that we had between six and seven hundred thousand of our men and women overseas, and that, together with those engaged in industrial war enterprises, absorbed our total manpower. But, that owing to the Prime Minister's personal intervention, and to prove how co-

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[113]Bureau de Washington, Commisssion des prix et du commerce en temps de guerre.
Washington Office, Wartime Prices and Trade Board.

operative we were, it was decided that 3500 men could this year obtain permits to work in the woods of Maine; that it was only 700 less than last year, and a great many more than we could or really ought to spare.

I also explained to the Secretary that we had been stretching ourselves to the limit to meet the war demands on our forest product industries, including very heavy demands from the United States. I pointed out that we were sharing equally with the United States the pulpwood which was available for sale in Canada, that we had doubled our supplies of wood pulps as compared with pre-war years, and that we had nevertheless been able to maintain our supplies of newsprint to the United States at peacetime levels.

I felt at the conclusion of the discussion that I had made a favourable impression upon Mr. Hull. He, however, did say that he hoped co-operative collaboration would result in a satisfactory solution.

The discussion was concluded by my stating that we desired to be co-operative; that if he heard any further rumblings not to hesitate to send for me, and he said he would do so.

Since writing the above, I have been informed that representatives of the United States agencies concerned have an appointment to meet representatives of the Canadian agencies concerned in Ottawa on Tuesday next, the 11th instant, for discussion.

I have etc.

LEIGHTON MCCARTHY

**1000.** DEA/2717-40

*L'ambassadeur des États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Under-Secretary of State for External Affairs*

CONFIDENTIAL Ottawa, January 12, 1944

My dear Mr. Robertson:

I am enclosing a statement[1] prepared by War Production Board representatives on the subject of the critical situation faced by the forest products industry of the northeastern states.

My Government believes that woods labor, which is in short supply, is a commodity to be shared in accordance with war needs and in conformity with the Hyde Park principles.[114] In this connection, it may be recalled that authorities of your Government have instructed industry controllers and administrators that short supply situations are not in themselves sufficient justification for banning the export of the affected commodities to the United States. Accordingly, I would be interested in knowing whether or not the Canadian authorities agree with the premise that woods labor is a commodity

[114]Volume 8, document 191./Volume 8, Document 191.

to be shared in the best interests of our joint war effort. If the Canadian authorities do agree with this premise, I should be very glad to know whether, as persistently reported to the American authorities, additional Canadian woods labor is available in the area contiguous to the American northeastern forest products industry.

May I point out that irrespective of the answers to the foregoing questions, the Canadian authorities have succeeded in raising the woods labor force actively employed in eastern Canada from some 20,000 men to something over 40,000 men during the past few months. During this same period no opportunity has been afforded United States employers to increase seasonally their force of Canadian workers and actually Canadian action has finally reduced the effective Canadian woods labor force employed in the areas across the border to levels one-third to one-fourth of that prevailing in recent normal peacetime years. In these circumstances, and with the industry's entire production now devoted to urgent war and essential needs as determined by the War Production Board, I venture to suggest that the decrease in the labor force made available to the American industry, engaged in producing high priority lumber and pulps, as contrasted with the increase in the labor force of the Canadian industry, engaged in such large proportion in production of newsprint, is not in accord with the primary needs of the war effort. The northeastern area in the United States is the only major pulp producing area east of the Rocky Mountains which is falling far behind rather than exceeding last year's production rates.

In closing this letter I should like briefly to refer to the hitherto unsuccessful effort of the War Production Board to persuade the Canadian administrative officials of the discriminatory effect which Order No. 20 of the Timber Controller and other regulations have had on the wartime activities of the United States forest products industry. I am happy to inform you in this connection that at conversations held in Ottawa on January 11-12 assurances were given that, upon receipt of certain additional information from the War Production Board, those operations of existing Canadian regulations which have handicapped the maximum production of pulpwood for export to the United States would be promptly and sympathetically reviewed. The information requested will be in the hands of the appropriate Canadian authorities almost at once, and it is thus hoped that action at the administrative level will take care of this important and hitherto most unsatisfactory aspect of the general problem.

Sincerely yours,

RAY ATHERTON

**1001.** DEA/2717-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

DESPATCH 53 Ottawa, January 14, 1944

Sir,

I have the honour to refer to your despatch No. 47 of January 7th, concerning the employment of Canadian woodsmen in the Maine woods.

This matter was discussed at a meeting in Ottawa, on Tuesday, January 11th, between United States representatives and Canadian officials.

The United States representatives were:

The Hon. Ray Atherton, United States Ambassador
Mr. Lewis Clark, United States Embassy
Mr. Geoffrey Parsons, State Department
Mr. Boeschenstein, War Production Board
Mr. Cancell, War Production Board
General Rose, War Manpower Commission and
Mr. Bardsely, War Manpower Commission

The Canadian officials present were:

Mr. Robertson, Department of External Affairs
Mr. Keenleyside, Department of External Affairs
Mr. Deutsch, Department of External Affairs
Mr. Williamson, Timber Controller
Mr. Fowler, Wartime Prices and Trade Board and
Mr. Douglas, Wartime Prices and Trade Board

The Ambassador opened the discussion with the following oral statement:

"We met in September[115] to consider ways and means of increasing the amount of pulpwood available to the United States in its war effort, and I took the position under the Hyde Park principle that woods labor was a commodity like any other and should be shared where most effective and shared with us as we are sharing with you our coal and other commodities in short supply.

Since then, there have been technical discussions and Mr. Boeschenstein has explained the United States position, that we felt woodsmen were merely one part of the woods product problem and that we must have more wood pulp and pulpwood from Canada or woodsmen in the North East woods. Although I believe the Canadians recognize the situation, we have obtained merely less of each and I venture to point out that the agreement reached by our technicians in the meetings with the War Production Board terminating on October 20 has not been fulfilled by the Canadian authorities.

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[115]Voir le volume 9, document 1104./See Volume 9, Document 1104

The Secretary of State, in view of these developments and in view of only an estimated 65 per cent, effectively employed woodsmen from across the border in the North Eastern woods, instead of the 4,200 we understood would be offered and the 3,500 finally offered, of whom 664 are, I understand, allocated to Canadian companies, took the matter up with the Canadian Ambassador in Washington, who undertook to refer this whole subject to the Prime Minister.

These conversations today are taking place in that the United States Government, despite the efforts of its officials, has failed to make headway in this question of material produced for war purposes. The Secretary of State understands that the Prime Minister is to be kept advised of the situation as it develops.

When the Canadian Government first raised this question in November 1941 wth the American Minister we regarded it as a problem for mutual cooperation, and we still so regard it. We are hopeful that all of us assembled here, with full appreciation of the war effort involved, may in these present discussions determine finally the policy for solving what is in essence a joint problem."

In the course of the discussion the United States representatives made the following points:

1. The decline in United States production of wood products has been stopped, by special efforts to recruit labour, in all regions except the North-East. In the North-East output remains substantially below last year.

2. About 12,500 workers are required for woods labour in the North-East. Approximately 2500 can be obtained locally which leaves a total of 10,000 to be met from Canadian sources. Last October the United States was given a quota of 3500. Actually there are now only about 3100 across the line owing to the conditions which do not permit replacements for labourers returning to their homes. If the number were brought up to the quota a deficit of 6500 would remain. A part of this deficit can be met from within the United States but it would be very helpful if about 3500 additional Canadians could be obtained.

3. The United States mills in the North-East are important sources of alpha pulps, nitrating pulps and market pulps, all of which are essential to the war effort. Lumber and box crates are also obtained from this region. Only about 17% of the Canadian woodsmen have been allocated to the production of pulpwood for newsprint.

4. The Canadian authorities have stated that it has become possible to increase the monthly export of newsprint to the United States from 182,000 tons to 200,000 tons. The War Production Board would prefer to obtain more pulp, pulpwood or labour rather than newsprint. Consequently W.P.B. is contemplating the stockpiling of the additional newsprint as an immediate measure pending information on whether or not Canada could supply more pulp or labour. If not, consideration will be given to repulping the additional newsprint.

5. While the Maine woods were given a quota of 3500 Canadians, the number at work is considerably less, because losses are not replaced. It would be very helpful if the movement could be so administered that the full quota would be available at all times.

6. The United States authorities would not suggest that any men already working in the Canadian woods or otherwise in essential work should be permitted to go to the Maine woods. However, it would be desirable to have survey made of the border areas for the purpose of finding out whether there is any labour which is not engaged in essential work and, if so, how much.

The Canadian representatives at the meeting made it clear that Canada is anxious to co-operate with the United States authorities in these matters, so that the resources of the two countries might be used most effectively for the common war effort. With this in mind it would not be possible to remove the controls over the movement of labour across the Maine border. Owing to the considerable differences in wage levels it was necessary to impose a quota and to keep the border closed except for brief periods of controlled recruiting. Otherwise labour would be drained away from essential Canadian operations or would be lost to the war effort of both countries through the disposition to remain idle on the farms while awaiting the opportunity to cross the line for higher earnings.

The Canadian woods labour situation was generally better than what was anticipated a few months ago. This improvement was the result of the special efforts, and intensive campaign of the Department of Labour to persuade farmers to work in the woods. Mr. MacNamara, the Deputy Minister of Labour, thought that these efforts were so thorough that he doubted that there was any significant amount of labour on farms, including the areas adjacent to Maine, available for the woods which is not already there. In spite of these efforts there is still a shortage of woods labour in Canada. Eastern Canadian lumber operators are ungreatly [urgently] requesting an additional 29,000 men. Consequently there is no surplus which could be permitted to go to the United States and, in Mr. MacNamara's opinion, any additional numbers which might be allowed to go to the Maine woods would directly or indirectly reduce the number available to Canadian operators.

It was explained that the Canadian authorities were aware that the number of Canadian woodsmen presently employed in Maine had fallen below the quota and that it was the intention all along to review the situation some time in January. Mr. MacNamara said that he would be agreeable to a re-opening of the border for a short period to enable recruiting up to the full quota of 3500 and that he would be glad to explore the possibility of administering the movement in such a way as to keep the quota filled.

With reference to the improvement in the Canadian production of newsprint Mr. Fowler explained that this was the result of the improvement in the woods labour situation. In the general effort to persuade farmers to work in logging camps it so happened that a larger number went into pulpwood cutting than had been anticipated. Since newsprint capacity is not fully employed expansion

in output followed. Canadian pulp capacity is being completely utilized and no further increase in production is possible.

The United States representations were discussed in Cabinet War Committee on January 12th. After full consideration it was decided that the previous decision granting a quota of 3500 stand, and that the implementation of this decision, with respect to the filling of this quota, rest with the Department of External Affairs and National Selective Service. It was decided also that National Selective Service be directed to carry out a field survey in the area of Eastern Canada concerned, with a view to ascertaining the present availability of woods labour and the extent to which the essential requirements of Canadian operators were at present being filled. I have conveyed these decisions to Mr. Atherton, the United States Ambassador. I told the Ambassador that if the survey mentioned above showed that additional labour not employed in essential work in Canada was available, the matter of the quota could be re-considered in the light of that information.

In view of the Cabinet War Committee's decision the border will be opened in about a week for a short period to enable the Maine operators to recruit up to the full quota of 3500. After this the border will again be closed.

Yesterday Mr. Atherton left with me a statement[†] in which the United States view is presented at length. We shall prepare a reply to enquires which it contains. A copy of the statement is enclosed.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1002.** DEA/2717-40

*L'ambassadeur des États-Unis*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Under-Secretary of State for External Affairs*

Ottawa, February 8, 1944

Dear Mr. Robertson:

Following the conversation of the Canadian Ambassador with Mr. Hull on January 6 on the subject of Canadian woods labor and the subsequent visit to Ottawa of officials of the War Production Board, the War Manpower Commission and the Department of State, I addressed a communication to you on January 12 in regard to this problem. It was understood at that time that the Canadian Government was making an urgent survey to determine whether there was labor, available in the areas of Canada bordering the United States northeastern woods, which was not then engaged in productive work on behalf of the war effort.

Despite the urgency of the situation, approximately four weeks have elapsed and the American authorities have not yet been informed as to the result of the survey. As the season is well advanced it is of considerable importance that the American authorities know whether additional Canadian woods labor will be permitted to enter the United States to assist in meeting the critical situation in the northeastern woods.

In this connection, I think you should know that following publicity alleging that additional woods labor was available in the Province of Quebec, the Department of State has been somewhat disturbed to note certain statements attributed by the press to the Canadian authorities. According to the Canadian Press, a Labor Department spokesman has characterized the present quota as "pretty much the same (quota) as they always got" whereas, in actuality, the present quota is the smallest since the Canadian Government commenced exercising labor exit control. The same spokesman is said to have indicated that it was not possible to permit able-bodied men to "float over the border" because of the need of making certain that such men would return to their farms. It will hardly be necessary to remind the Canadian authorities that no Canadian woods laborer is allowed to enter the United States until his employer has posted a bond to ensure departure and that during his stay in the United States his presence is subject to constant check by United States immigration authorities. There is, moreover, no obstacle placed in the way of Canadian workers desiring to return to Canada as will be readily acknowledged by the Canadian authorities who have knowledge of the excessive labor turnover in this industry.

Other information coming to the attention of the Department of State through informal channels suggests that the Canadian authorities are apprehensive of criticism of Canada should men of draft age appear in the American forests. In this connection it is hardly necessary to remind the Canadian authorities that the work which these men would perform is directly related to important war needs and that the men come from a class, agricultural labor, which is also exempt from the draft in the United States. It is hardly conceivable that the presence of these men in the Maine woods could cause any criticism comparable to that regarding the woods labor problem as a whole which has already appeared in the press of the United States despite the efforts of responsible officials to discourage publicity of this sort. The American authorities, moreover, would be prepared at any time to explain the high value for war purposes which they place on the services of these men in the American woods.

Officers of the Canadian Government are also said to have expressed the view that this issue has been complicated by the absence of reliable factual data from both sides. If this view is in fact held by the Canadian authorities the American authorities would welcome information as to what further factual information they would desire to have from United States sources. On repeated occasions responsible officers of the United States Government have made available to the Director of National Selective Service of Canada and other officers of the Canadian Government information indicating the need for

Canadian woods labor, the essentiality of the end product of their work, the efficacy of policing and control on the American side of the border and, in general, information on all pertinent aspects of the problem.

Naturally, the American authorities have never been able to present data concerning the number of men not engaged in productive employment in the Canadian border areas, and it has long been a matter of regret to the Amercain authorities that the Canadian authorities have not seen fit to share with them official Canadian data in regard thereto. It is for this reason that the American authorities especially welcomed the assurance that an urgent manpower survey was being made in the areas of Canada bordering the northeastern woods.

The fact that four weeks have been allowed to pass without our having been informed of the result of a manpower survey which we had understood would be made urgently, has created in the minds of the officers of my Government dealing with the matter the fear that they have not been successful in convincing the interested Canadian officials of the urgency and seriousness with which this problem is considered in the United States.

Sincerely yours,

RAY ATHERTON

**1003.** DEA/2717-40

*Le sous-secrétaire d'État aux Affaires extérieures à l'ambassadeur des États-Unis*

*Under-Secretary of State for External Affairs to Ambassador of United States*

Ottawa, February 9, 1944

My dear Mr. Atherton:

I refer to your note of January 12th and to your note of February 8th concerning the employment of Canadian woods workers in the Northeastern United States.

Following the discussion of this matter between United States and Canadian representatives on January 11th, the Canadian Department of Labour was asked to make a field survey in the border counties of Quebec and to report upon the availability of labour in these areas for employment in the Maine woods. The report of the Department of Labour containing the results of this survey states the situation to be as follows:

1. The intensive campaign carried on during the autumn to encourage farmers to take employment in winter woods operations has been very effective in the Quebec border area and all but a very few of the men who could safely be taken off the farms for this purpose have been taken. In the opinion of the local provincial agricultural representatives the number of men remaining on the farms is less than what is needed to maintain agricultural production and in a relatively short period steps will have to be taken to move men back to the farms in preparation for the spring season.

2. The requirements of Canadian operators from the Quebec border counties have not been filled. Employment Offices in this area have 500 to 600 outstanding orders for Canadian companies.

3. In Quebec as a whole there are almost 60,000 men employed in woods operations at present. This number is at least 7,700 short of what is required.

In view of these circumstances the report concludes that additional men could not be made available from the Quebec border area for employment in the United States without diverting workers directly or indirectly from essential producton in Canada. Since no purpose would be served by such a diversion, the Canadian Government feel that the present limit of 3,500 men allowed to cross the border for employment in the forests of Northeastern United States should not be increased.

Yours sincerely,

N. A. ROBERTSON

**1004.** DEA/2717-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-983 Washington, February 18, 1944

IMMEDIATE. Following for N. A. Robertson from the Ambassador, Begins: Mr. Stettinius, Acting Secretary, requested me to call upon him this morning, which I did. He desired to further discuss the question of Canadian-United States wood labour problems in the northeastern United States.

He told me that they were being further pressed in the matter. I replied by stating that if we were to get anywhere each Government must have faith in the other; that I was advised by my Government that they were doing everything that could possibly be done to relieve the situation. I further stated that they fully appreciated the war necessities of the problem, but that I could not hold out any hope of their being able to substantially better the present conditions.

He accepted my statements, and I hope that we will not in the near future be subject to further pressure by him. Ends.

**1005.** DEA/2717-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-991 Washington, February 19, 1944

IMMEDIATE. Following for Robertson from Pearson, Begins: You will have received the Ambassador's teletype WA-983 of February 18th regarding his talk with Stettinius on the Maine woodsmen question. In the afternoon I was asked to see Hickerson on this matter, and he took with me a much stronger line than Mr. Stettinius took with Mr. McCarthy. Hickerson said the main grievance of the State Department, and he expressed it in no uncertain terms, was over the procedure adopted by the Canadian Government in this matter. The State Department had been waiting for weeks for a reply to their note, when the Minister of Labour announced in the House of Commons the rejection of their request.[116] They felt that it was, to say the least, discourteous that they should have first been informed of the matter in this way. Subsequently, of course, our rejection was officially confirmed by your letter of February 9th, which Hickerson thinks is pretty curt in form and unimpressive in content. The Department furthermore feel that, apart from the procedure adopted, their representations have not really been given the consideration they deserved and that they have not been put in possession of facts which would enable them to reply to the strong congressional pressure to which they are at present subjected. Hickerson finally admitted that this pressure was political in character and influenced no doubt by the nature of the commodity under consideration; pulp and paper. They hope that the last word has not been said by the Canadian Government in this matter and that steps may yet be taken to meet the American position.

2. Later in the afternoon, Parsons phoned me to say that Senator Brewster, as a member of the Truman Committee[117], had asked for a copy of your note of February 9th to Mr. Atherton. He had been told that this could not be given without the consent of the Canadian Government, but that such consent would be requested. As I mentioned to you on the telephone yesterday, I told Parsons that I would forward this request but that undoubtedly the Canadian authorities would wish to know whether Senator Truman intended to publish the letter or not; whether it was also intended to turn over to him and the Truman Committee previous correspondence concerning this matter and, if so, how much. They are looking into this matter, but meanwhile hope the question of publication in principle can be considered immediately by the Canadian authorities. Personally, I think we should try to avoid this, if at all possible, as

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[116]Le 7 février 1944. Canada, Chambre des communes, *Débats*, 1944, volume I, pp. 215-7.
February 7, 1944. Canada, House of Commons, *Debates*, 1944, Volume I, pp. 206-8.
[117]Special Committee of the Senate to Investigate the National Defence Program.

the correspondence is not, I think, of a character and form which either Government would really wish to see given to the press.

3. Contrary to that received by the Ambassador, I got the impression that we would very definitely hear more of this matter. I hope I am wrong, as it certainly would be a great misfortune if this issue, unimportant in itself, were permitted to develop serious irritations. Ends.

**1006.** W.L.M.K./Vol. 299

*Le sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] February 19, 1944

I am enclosing copies of Washington messages WA-983 and WA-991 with further reference to the question of the Maine woodsmen. Twice this year Mr. McCarthy has been asked by the Secretary of State to come down to the State Department, and each time it has been to receive a complaint about our handling of the woods labour problem. He has taken a strong line and stuck to his guns, and I very much hope he is correct in believing that his explanation of the position has satisfied the United States Government.

. . .

From the second message reporting conversations which Pearson had with Hickerson on the same subject later that same day, I am afraid we are in for further public controversy. I wish our position were stronger, both in respect of the substantial issue and of the way it has been handled. The Americans have some ground for feeling aggrieved in that their representations were answered rather cavalierly in the House of Commons by the Minister of Labour before they had received a reply to their note. You will recall that the War Committee decided at its meeting on Friday, February 4th, to defer until its next meeting consideration of the report made by the National Selective Service on the woods labour available in the Quebec counties along the Maine border. Apparently the question was brought up, however, at a meeting of Council on Monday, February 7th, when it was agreed that the Minister of Labour should go ahead and make a statement in the House based on this report. I did not know that this decision had been taken and therefore was not in a position to reply to Mr. Atherton's letter until after the Government's position had been put on Hansard. In the circumstances I did not think I could do more than confirm to the United States Ambassador the statement of Government policy that had already been made by the Minister (See my letter of February 9th attached).

Senator Brewster of Maine has now asked that a copy of this letter be made available to the Truman Committee when presumably it would find its way into the American press. It is not a very impressive statement of our position,

and I should not like to see it published either alone or with Mr. Atherton's letter of February 8th, to which it is in reply (copy attached).

As I have several times suggested to War Committee, this question of the availability of labour for the Maine woods has a nuisance value out of all relation to its economic importance, either to us or to the Americans. The latter, under political pressures from their operators and their newspapers, have strained every argument and used all sorts of pressures to get another twelve or fifteen hundred men for their woods operations; nor has our attitude in the matter been entirely uninfluenced by local political pressures. Our woods operators and particularly newsprint manufacturers have been equally anxious to reserve what labour is available for their operations. The difficulties of reaching a fair settlement have been increased by conflicting evidence about the facts of the case. The survey that National Selective Service was asked to make by the War Committee was intended to settle the question of fact, but it did not really do so. In the first place, the survey was not made by the National Selective Service itself but by the agricultural field officers of the Provincial Government, who might be expected to have a certain bias in favour of keeping farmers on their farms in Quebec instead of having them work in the woods. In the second place, the survey was made by regional sampling, which may or may not have been really representative. In the third place, the evidences of availability of local workers collected by National Selective Service in rebuttal of American newspaper charges and quoted by Mr. Mitchell in the House, were themselves in conflict on some points with the report submitted by the Quebec Agronomes. These were points which I hoped to have an opportunity of putting to the War Committee before a decision was taken as to the reply which should be returned to the United States Government.

[N. A. ROBERTSON]

**1007.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] February 22, 1944

. . .

CANADIAN WOODS LABOUR IN NEW ENGLAND

17. THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS reported that further strong representations had been made by the U.S. Department of State with regard to the position taken by the government and the statement made in the House by the Minister of Labour with regard to the admission of Canadian woods labour into New England.

The U.S. government based their argument for assistance from Canada upon the most effective utilization of the resources of the two countries for the prosecution of the war. They disputed the Canadian version of the situation and resented the fact that the Canadian statement had been made public

before being communicated to them. The State Department had also passed on a request for the release to the Truman Committee of the inter-governmental correspondence on this subject.

The matter appeared likely to assume proportions out of all relation to its actual importance.

(Memorandum, External Affairs to the Prime Minister, Feb. 19, 1944; also telegrams Nos. WA-983 and WA-991, Canadian Ambassador, Washington, to External Affairs, dated Feb. 18 and Feb. 19, 1944).

18. THE MINISTER OF JUSTICE suggested that, in present circumstances, it was virtually impossible to obtain a reliable statement of the availability or otherwise of Canadian workers for employment in the American woods. Reports were bound to be affected by the interests of those from whom they were obtained. So long as employment in the United States offered higher wages and freedom from Canadian taxes, it would be possible to find men willing and anxious to accept such employment, regardless of what importance attached to what they were doing in Canada. Any large scale release of Canadian labour must have a serious effect upon Canadian lumbering because of the wage differential involved.

19. THE MINISTER OF NATIONAL DEFENCE FOR AIR pointed out that even if surplus manpower were available at present, it would shortly be needed for farm labour. The question of agricultural leave was already exercising the Services.

20. THE MINISTER OF NATIONAL DEFENCE felt certain that the Canadian government had not, at any time, accepted the principles of the Hyde Park Agreement as applicable to manpower. Such a view was quite untenable.

21. THE MINISTER OF MUNITIONS AND SUPPLY felt strongly that no change should be made in the attitude of the government. The U.S. government should be told flatly that no further men could be released.

22. THE SECRETARY said that the Prime Minister took the view that, if, in fact, no surplus Canadian labour were available, no change should be made in the present position; if, in reality, there were a surplus, an effort should be made to meet the United States' needs.

23. THE WAR COMMITTEE after further discussion, agreed that, in the circumstances, it could not accede to the U.S. government's representations and that the position should be explained to U.S. authorities, in the light of the foregoing discussion.

. . .

**1008.** DEA/2717-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au ministre-conseiller, l'ambassade aux États-Unis*

*Under-Secretary of State for External Affairs*
*to Minister-Counsellor, Embassy in United States*

Ottawa, March 2, 1944

Dear Mr. Pearson,

I am enclosing copy of a letter from Mr. MacNamara, covering a memorandum he had received from Paul Goulet, the Deputy Director of National Selective Service. I can hardly believe that any official United States Government agency would send its own field investigators to make enquiries in Canada without informing the appropriate Canadian Government agencies of its desire to do so, but you might make some enquiries to see if Mr. Sawyer has, in fact, the status of "special investigator from Washington" which he appears to have assumed.

Yours sincerely,
N. A. ROBERTSON

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Le sous-ministre du Travail*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Labour*
*to Under-Secretary of State for External Affairs*

Ottawa, March 2, 1944

Dear Mr. Robertson,

I attach herewith copy of memorandum from Mr. Paul Goulet.

A Mr. Sawyer, who is introducing himself as a special investigator from Washington, is at St. Georges de Beauce interviewing Mayors and others in regard to the labour situation.

I suppose it is a pretty hard thing to stop but on the other hand I certainly think the Washington authorities should be informed of the matter if they have not already heard of it.

I suppose we will be hearing the results of the investigation quite soon.

I think some means should be found to stop this "sniping".

Yours very truly,
A. MACNAMARA

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du directeur adjoint, le Service sélectif national, au sous-ministre du Travail*

*Memorandum from Deputy Director, National Selective Service, to Deputy Minister of Labour*

Ottawa, March 1, 1944

Late yesterday afternoon Mr. Adrien Morin, Deputy Minister of Agriculture, very kindly telephoned from Quebec to inform us that he had just been made aware by Mayor Boulanger of St. Come (Beauce) who is also the Wartime Prices and Trade Board representative at St. Georges de Beauce, that two gentlemen were interviewing some mayors in Beauce county, and maybe elsewhere in regard to the available manpower which could be employed in Maine, not particularly now but at all times, as bush workers. One is Mr. Hutton, official of the Great Northern Paper Co., Maine; the other, Mr. Sawyer, who introduced himself to Mr. Boulanger as a special investigator from Washington.

After speaking with Mr. Morin, at his suggestion I called Mr. Boulanger at the Wartime Prices office at St. Georges. He confirmed that he had been interviewed the night before at St. Come and summarized his talk as follows:

How many men in the parish would be willing and available to work at all times in Maine?

Also in the conversation it was stated that the United States were actually attacking the enemy and here in Canada, due to the fact that we had voluntary enlistment only, we could dispose more easily of manpower to help them cut the wood which they need so pressingly.

His callers then left by snow-mobile for another village.

It may be that this special investigator from Washington is there at the instigation of the Great Northern Paper, who are mainly responsible, in my opinion, for having raised the stir which has given us so many headaches lately. It is difficult to believe that Washington would send an investigator into our country to check on the province of Quebec Agriculture Department and our Minister's statements, without first having the courtesy of advising us of their intentions. I feel quite incensed at the apparent fact that some American operators forget that we also have operations of our own to look after, that is forestry, farming and other essential needs.

PAUL [GOULET]

**1009.** DEA/2717-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1364 Washington, March 6, 1944

IMMEDIATE. Following for Robertson from Pearson. Begins: My WA-1354, March 6th,' Maine woods. State Department, after phoning Truman Committee, says that a Mr. Haven Sawyer is an "investigator of lumbering conditions" for the Truman Committee. Chief Counsel of Truman Committee says that Sawyer was instructed to go into Canada in the course of his investigation.

2. It seems to me outrageous that an agency of the Government or Congress of the United States should send an investigator of anything to Canada without first seeking and obtaining the permission of the Canadian Government. The objections to such a course are even more obvious when the subject of investigation is a matter at issue between the two Governments.

3. I would suggest that you speak to Hickerson about this.[118] It is not necessary to decide immediately whether a written protest is desirable.

4. Apart from the present case, I think the State Department should be asked to see to it that the Truman Committee and other Congressional Committees do not repeat the offense. Ends.

**1010.** DEA/2717-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-974 Ottawa, March 7, 1944

Your message WA-1364 of March 6th. Following for Pearson from Robertson, Begins:

I passed on to Hickerson the information contained in your message and suggested the Truman Committee had better get Sawyer back from Canada quickly before we lodged a formal protest. He asked what our reply would have been if the United States Government had approached us officially, asking for permission for the Truman Committee to send an investigator to Canada on this errand. I said that, even if the approach had been made politely and through the correct channels, I did not think we could have done anything but turn it down, since the purpose of the investigation was obviously to check on

[118]Hickerson était à Ottawa pour des discussions concernant le projet Canol les 6 et 7 mars.
Hickerson was in Ottawa for discussions concerning the Canol Project, March 6-7.

the reliability of an official report made by an agency of the Canadian Government and accepted by the Government. Ends.

**1011.** DEA/2717-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-1154 Ottawa, March 17, 1944

Following for Pearson from Robertson, Begins: Here follows our long deferred reply to your message WA-991 of February 19th on the Maine woodsmen position. How much of it should now be used and in what way I shall gladly leave to your discretion.

2. In view of Hickerson's remarks I think it would be well to explain to him that we were not very happy over the way this question was handled. The State Department should not have received the first answer to their representations in the form of a statement in the House, but they should also understand that this sort of slip-up is not always avoidable.

3. As I explained to Atherton at the time, the United States note of January 12th could not be answered until the Department of Labour had completed its review of the actual employment situation in the field. Then the Minister of Labour made his statement in the House before we had had an opportunity to reply to the United States note. I did not know when I was speaking to Atherton that Cabinet had approved, on Monday, February 7th, of the Minister of Labour making a statement in the House based on the Selective Service report on the woods labour available in the Quebec counties along the Maine border. This statement was an answer to misstatements which had appeared in the *Boston Herald*, which the Government felt it desirable should be corrected at once. The War Committee of the Cabinet had previously decided on February 4th to defer until its next weekly meeting consideration of this report, and I had accordingly told Mr. Atherton that I could not give him an answer until the Government policy had been settled.

4. You may assure Hickerson that the United States representations received very complete and careful consideration in the Cabinet and by the Government Departments concerned and that throughout our negotiations we have endeavoured to do our utmost to meet the needs of the United States operators in the northeastern United States. Only with reluctance did the Canadian Government feel compelled to conclude that the present limit of 3,500 men allowed to cross the border should not be increased.

5. While we feel the State Department is by now well conversant with the Canadian situation they may be interested in knowing that a recent review of Canadian conditions shows that on the Canadian side our requirements of essential forest products have not been adequately met and are steadily increasing. Our commitments to the United Kingdom have not been fulfilled in

spite of every effort, including the return to Canada of a large contingent of the Canadian Forestry Corps.

6. While we have more men in the bush this year than last there are nearly 25,000 unfilled orders in Canada for woods labour required to produce essential woods products. Nearly 8,000 of these were in Quebec. We are under continuous pressure from Canadian operators not to allow more men to cross the border, men who if not attracted by the higher wages offered in the United States would be content to work in Canadian woods operations. The wage differential is such that a relaxation of the border crossing limit would seriously threaten the maintenance of our own vitally necessary wage controls.

7. The Department of Labour has under constant consideration a satisfactory means of keeping the number of men from Canada in the Maine woods up to the quota of 3,500. A constant check is imperative because many of the Canadian workers in the Maine woods have never been in the habit of staying on the job over a lengthy period. There is no means through regulations of keeping men on the job in the United States or preventing their return to Canada when they feel that they are needed on their farms in Quebec or have other reasons for returning at any time.

8. Our policy has been to open the border at definite intervals to refill quotas when the necessity became urgent and apparent. To permit replacement of workers in the United States as they leave employment, by opening the border continually, would nullify our efforts through control of the movement to secure labour so urgently required from the border areas for Canadian operations. This would have the effect of immobilizing many men in this area who would remain on their farms waiting for a chance to cross the border instead of going to Canadian woods camps.

9. The men who went to the woods last fall are already starting to filter back to their farms for spring work. The permits to woods workers in this country expire April 1st and those to woods workers in Maine expire April 30th. Within the next month the Department of Labour will have to consider carefully our agricultural needs for the coming season if we are to maintain essential food production for our armed forces and the United Kingdom, and to what degree this must be given priority until autumn.

10. I am rather afraid that documents given to the Truman Committee would find their way into the press. I think we should attempt to avoid publication of our letter of February 9th to Mr. Atherton and any part of the exchange of correspondence in the first place because I cannot believe that either government would really wish to give correspondence of this character to the press and in the second place because this Maine woods question has already assumed the status of a problem out of all relation to its economic importance and any publication of correspondence would probably provoke newspaper controversy which could only do mischief. Hickerson should appreciate the fact that we strongly desire to avoid such a development. However, if you are put under heavy pressure to give something to the Truman Committee there would be no objection to giving them the substance of paragraphs 4-9 inclusive of this message. Ends.

**1012.** DEA/2717-40

*Le ministre-conseiller, l'ambassade aux États-Unis,*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister-Counsellor, Embassy in United States,*
*to Under-Secretary of State for External Affairs*

Washington, March 22, 1944

I should like to refer to your EX-1154 of March 17th regarding the Maine woods labour question. Enclosed are two copies of a letter dated March 21st[1] which I have sent to Mr. Hickerson of the State Department. The letter contains all the information in your teletype with the exception of the first and last sentences of paragraph 10 of the teletype.

When delivering the letter to Mr. Hickerson today, Mr. Wershof added orally that there was an obvious danger that documents given to the Truman Committee would find their way into the press even if the Truman Committee did not officially release them to the press. Mr. Hickerson did not dissent from this, and I am hopeful that there will be no further request for permission to give the exchange of correspondence to the Truman Committee.

If Mr. Hickerson should raise this particular matter again, we will keep in mind the statement at the end of your teletype that, if necessary, the Truman Committee can be given the substance of paragraphs 4 to 9 inclusive of your teletype.

We should not be surprised if the Truman Committee produces a report on the Maine woods labour question during the next couple of months. As you know, this subject was dealt with briefly in the Third Annual Report of the Truman Committee released a couple of weeks ago.

Sincerely yours,

L. B. PEARSON

**1013.** W.L.M.K./Vol. 299

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*
*au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs*
*to Prime Minister*

[Ottawa,] April 19, 1944

I gave you a note the other day about prospective trouble about the Maine woods labour situation. The War Committee's feeling was that we should not be pushed from our present policy by the threat of adverse publicity in the United States arising out of reports from the Truman Committee or from the American Newspaper Association.

Since then, Mr. MacNamara has been in touch with General Rose of the United States Manpower Commission. Rose was anxious to secure the renewal,

after May 1st, of the Exit Permits under which some 3,500 Canadian workers are employed in the Maine woods. MacNamara told him, after talking with me, that the Canadian Government could not be expected to consider sympathetically any American requests for manpower if they were being badgered or blackmailed by threats of adverse newspaper publicity from United States Government or trade sources. In no case could we consider requests for additional labour beyond that presently authorized.

MacNamara tells me tonight that he has had a wire' from General Rose, who believes he has been able to check both the Truman Commission and the American Newspaper Association. He proposes a joint announcement, which would come from Paul MacNutt, Chairman of the United States Manpower Commission, and the Minister of Labour to the effect that the Canadian and American manpower authorities have reached agreement on meeting the needs of woods labour in the highly critical Northeastern area on the basis of renewing, as from May 1st, the presently authorized Exit Permits for an average of 3,500 Canadian workers in the Maine woods. He suggests that, in making such an announcement, MacNutt would say that the United States authorities were very gratified by the cooperation which they had received from Canada.[119]

I think this would be a very satisfactory solution of a difficult business, which has always had possibilities of mischief in it far beyond its intrinsic economic importance. The American formula proposes Exit Permits for "an average of 3,500 workers", whereas we have been issuing Permits up to a maximum of 3,500 workers. The difference does not seem important to Mr. MacNamara or to me. We would both recommend a prompt acceptance of this agreement. If you approve, I do not think the question need go back to War Committee or Cabinet.[120]

N. A. R[OBERTSON]

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[119]L'annonce des États-Unis fut faite le 21 avril 1944.
The United States announcement was made on April 21, 1944.

[120]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
P.S. The Minister of Labour approves this solution. R[obertson].

## SECTION C

### COMMERCE ET INDUSTRIE
### TRADE AND INDUSTRY

**1014.** DEA/836-AN-39

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-306 Ottawa, January 22, 1944

Following for Scott.[121] Begins: Since our agreement to participate in the Decentralization Plan[122] we have been asked on a number of occasions, and on fairly short notice, to express our views of modifications proposed by the United States authorities. The most recent modifications of this kind were announced by Bulletins 137 and 139 which we have accepted *pro tem.* Although they do not fully satisfy Canadian requirements having in mind (a) the generally improved shipping and supply situation, (b) the fact that Canada's national economy and export trade do not exactly parallel those of the United States, and (c) that all exports from Canada, except newsprint, are subject to export permits thus ensuring adequate control.

On the basis of the foregoing considerations, will you please discuss the proposed modifications set forth below with the United States authorities and let us know as soon as possible whether they have any objections. If not, it is our intention to propose that this modified plan apply to Canada in relation to all the Latin American countries except Argentina. If the United States authorities concur in our proposals, we presume that we may continue to look to the United States Missions to assist in the administration of the simplified Canadian plan in those countries where they have assumed this responsibility.

Quote — In view of (a) the improved shipping and supply situation for exports to Latin American destinations, (b) the different character of Canadian export trade as compared with that of the United States, and (c) in an effort to simplify the Decentralization procedure as it affects shipments from Canada, it has been decided to require Import Recommendations (in the case of Brazil, Preference Requests; Mexico, Export Recommendations) for only the commodities detailed hereunder:

Woodpulp
Iron and steel — sheets and malleable castings *only*
Paper-makers felts
Fourdrinier wire
Copper bars, rods, strips, sheets, plates, tubing, wire and cable
Brass and bronze bars, rods, strips, sheets, plates and tubing

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[121]H. A. Scott, conseiller commercial./H. A. Scott, Commercial Counsellor.
[122]Voir le volume 9, document 1138./See Volume 9, Document 1138.

Valves of all kinds, including brass, bronze, iron, etc.
Automobile parts and accessories
Batteries (storage) and plates
Nickel in primary forms including ingots, shot, etc.
Brushes with natural bristles 2 inches or more in length
Rubber and products of which rubber is an important component
Kraft wrapping paper
Non-ferrous metals, including babbit metal; type metal; lead in pigs, refined, etc; lead pipe, sheet, traps and bends; aluminum and products including scrap; zinc and products

The following observations should be noted with regard to the above list:

1. The commodities listed are in decidedly restricted supply in Canada but limited quantities may be exported if the circumstances warrant. Import Recommendations will, therefore, assist the Canadian export control authorities to decide whether or not to approve applications for export permits covering these commodities.

2. Estimates of probable supply from Canada will continue to be furnished for most of the listed items as an indication of the limits to which Import Recommendations may be issued by the various Country Agencies. In cases where estimates are not furnished Import Recommendations may be issued up to 5 per cent of the United States estimate of supply.

3. Estimates of probable supply from Canada will also continue to be furnished for certain other commodities not listed above, such as upper leather, agricultural machinery, asbestos, calcium carbide, sodium cyanide, etc. These other commodities, while in short supply, are not, strictly speaking, critical materials and the Import Recommendation is, therefore, not considered necessary. In certain cases the estimates are prepared because the commodity is of a bulky nature and the estimates will be of assistance in planning the use of available shipping space.

4. Certain commodities in critically short supply do not appear on the above list. Failure to list them does not mean that they are available from Canada. On the contrary, they will probably not be exported from Canada in any circumstances. It is believed that Latin American importers will discover upon inquiry that such commodities are not obtainable in Canada and that there will not, therefore, be any applications for Import Recommendations presented to the Country Agencies for commodities in this category.

5. It is also believed that normal commercial inquiries will discover those commodities, other than those listed above, which are in relatively free supply in Canada and that such transactions should not be hampered by the requirement of Import Recommendations.

6. Latin American Country Agencies may continue to issue Import Recommendations for any commodity other than those listed above to indicate a degree of essentiality for a particular shipment. Such shipments will be given preferred treatment by the Canadian export control authorities if the commodity is one that may be exported from Canada.

7. Import Recommendations will not be required even for shipments of the above listed commodities if the order is valued at $25 or less.

8. The above list of commodities will be kept up-to-date by such additions and deletions as may from time to time become necessary. End Quote.

If the United States authorities concur in the above rollback having application to Canadian participation in Decentralization, we would leave it to them to decide whether or not to publicize the change in Current Control Bulletins or the press. We will, of course, publicize the change in the Commercial Intelligence Journal, trade papers and the Canadian press, and will endeavour to arrange for publicity in the Latin American countries.

It is our hope to make this simplified Canadian plan effective March 1st and we would, therefore, like to have the views of the United States authorities as soon as possible so that sufficient time will be given to present the modifications to the Latin American countries concerned. Ends.

H. F. A[NGUS]

**1015.** DEA/836-AN-39

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-672 Washington, February 3, 1944

Following for C. M. Croft,[123] Department of Trade and Commerce, from Scott, Begins: At a meeting in F.E.A. this morning, we were advised that airgrams have gone to Latin American Governments concerned covering a further roll-back of decentralization. It is proposed to remove the following commodities from the decentralization scheme: radio tubes from radio receivers, motor trucks, typewriters, petroleum products and repair parts for capital equipment distinct from repair parts, say, for motor cars or ordinary wearing parts. These items are all in very short supply and are subject to strict W.P.B. [War Production Board] control over production and distribution. W.P.B.'s controls conflict with decentralization control and for this reason it is proposed to ask the importing countries to waive decentralization covering these products.

I will have particulars and copies of the airgrams[1] with me for discussion in Ottawa next week. Ends.

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[123]Directeur, Service du renseignement commercial.
Directeur, Commercial Intelligence Service.

**1016.** DEA/836-AN-39

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-591 Ottawa, February 10, 1944

Following for W. F. Bull,[124] Canadian Embassy, from C.M. Croft. Begins: Your WA-672 of February 3rd was discussed whilst Scott was here and we agree with him that the principle behind the removal of the listed items from Decentralization is difficult to understand. Since the commodities concerned are of little interest to us we will follow the U.S. lead in this further roll-back but it seems to us that this action by the United States authorities lends further weight to our arguments in presenting our proposed modification and that you should not fail to make use of this fact when you receive instructions (in the form of a teletype which we have recommended to External Affairs) to take your informal discussion to a higher level in State Department.

The obscure principle apparently being followed by the United States authorities in this latest roll-back clearly indicates that the original purpose for decentralization has disappeared. If commodities are being removed from decentralization because of the existence of other United States controls on production and distribution the United States authorities should be reminded, as I am sure you have already done a number of times, that all Canadian exports to Latin America, except newsprint, are under control by export permits and thus by the appropriate Administrator or Controller responsible for production. In the case of newsprint a very effective control is in operation, as you know.

This suggests the adoption of one of the following alternatives: (a) the complete scrapping of Decentralization by both United States and Canada (b) withdrawal of Canada from the plan, or (c) the simplification of the plan to the degree which we have proposed in order to relieve exporters in both Canada and the United States and those concerned with administration in the Latin American countries of as much of the onerous paper work as possible. We trust that you will shortly be in a position to report progress along one of these alternative lines.

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[124]Attaché commercial./Commercial Attaché.

**1017.** DEA/836-AN-39

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-619 Ottawa, February 12, 1944

Following for Scott. Begins: My EX-306 of January 22, proposed modification of Decentralization Plan.

We understand that the informal discussions which you have had with officials of the State Department and F.E.A. have not led to any decision with regard to the approval of the simplifications suggested in the teletype of January 22, and that you consider that our proposals have not in fact received serious consideration. These proposals were put forward because Canadian exporters have informed the Department of Trade and Commerce that they question the value of continuing decentralization in any form and because we are inclined to share this opinion so far as Canadian interests are concerned. The proposals constitute a compromise which would in our view meet the wish of the United States authorities to continue the Plan in form at least. The point of our proposals is that they retain the frame-work of the Plan but apply its procedure only to those Canadian exports for which some form of documentation as to end use is needed.

In view of the fact that our proposals are designed to enable us to meet the substance of the United States wishes, we consider that it would be appropriate, if you see no objection to such a course, to take the matter to a higher level in the State Department and to point out that, as we had hoped to make the simplified proposals effective as from March 1, we should welcome an early expression of the views of the United States authorities concerned in order to avoid the danger of working at cross purposes. Ends.

**1018.** DEA/836-AN-39

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1128 Washington, February 25, 1944

IMMEDIATE. Reference your EX-306 of January 22nd and your subsequent EX-619 of February 12th, re proposed Modification of Decentralization Plan.

The following acknowledgement has now been received from State Department by the Commercial Counsellor to his letter of January 24th[1] to that Department, based on the instructions given in your teletypes [sic] referred to above:

"This is with reference to your memorandum of January 24, 1944, addressed to Mr. James Farriss, containing the views of the Canadian Government with regard to the modification and simplification of the decentralization procedure of Export Control in the other American Republics, and your request that you be informed as to the attitude of this Government in connection therewith. I also refer, in this connection, to the several conversations which I have had with you and Mr. Bull regarding this matter and your discussions with Mr. Raymond Dodson of the Foreign Economic Administration.

"I am pleased to be able to confirm to you that it is the intent of this Government to modify the decentralization procedure in the other American Republics in an orderly and progressive manner, and as rapidly as conditions of war, supply, and shipping permit. Thus, in agreement with you, there have been transmitted to the Embassies of this Government in the other Republics proposals to eliminate five additional categories of commodities from the requirements of obtaining import recommendations. This proposed modification, in addition to the modification which was effective on January 1, 1944, will be helpful in arriving at the ultimate objective the establishment of a limited positive list of commodities for which import recommendations are required, all commodities not on the list being excepted from this requirement. The Department, as well as the Foreign Economic Administration, hopes the positive list can be established as of July 1, 1944, with regard to the majority of the other Republics, and possibly sooner with regard to Brazil.

"The Department and the Foreign Economic Administration have examined with care the positive list of commodities as outlined in your memorandum under reference and believe that it provides an excellent basis for mutual discussions looking toward a correlation with the possible list of American products, studies in connection with which are being actively made.

"It is my distinct impression that your proposal and the objective which this Government has in mind are entirely compatible and that further mutual discussions will solve any minor details as to the most desirable procedure to be followed in the modification of the Decentralization Plan.

Sincerely yours,

CHARLES F. KNOX, JR.
Chief, American Republics
Requirements Division."

For your information, a separate communication† was received from F.E.A. on this subject and was transmitted informally to Croft, Department of Trade and Commerce on February 23rd (our WA-1063).† F.E.A.'s letter was in effect their comment on the Commercial Counsellor's official letter to the State Department, a copy of which was furnished F.E.A. at the time.

**1019.** DEA/6220-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État par intérim aux Affaires extérieures*

*Ambassador in United States*
*to Acting Secretary of State for External Affairs*

No. 1168 Washington, May 10, 1944

Sir:

Recent discussions between Canadian and United States officials in Washington indicate a growing uneasiness on the part of the latter that Canada is converting wartime industries into the manufacture of civilian goods more rapidly than the United States and that therefore we are achieving a preferential position in respect of the domestic consumption and export of civilian goods. Indeed, there is much loose and misinformed talk here in United States official circles that we are earmarking a substantial percentage (15% has been mentioned by one official) of our production of civilian goods for export.

2. The question has been brought to a head in discussions with F.E.A. over clearance of our estimates of proposed shipments to Latin America; but it is, of course, much broader than this. It also concerns current discussions regarding combined export-policy machinery. It has, in fact, definite political implications bearing on the general relationship between the two countries and if not carefully watched might easily disturb that relationship.

3. A member of this Embassy has recently received, in discussions with F.E.A., certain specific indications of U.S. uneasiness on this score. He was told that there was some feeling in this Administration that Canada was taking advantage of its easier limitation orders on such things as bronze water meters, aluminum pots and pans, and pipe. It was pointed out, for instance, that in clearing our pipe estimates of shipments to South America, F.E.A. would reconsider British Empire demands on the United States under Lend-Lease for this and any other commodity which Canada was in a position to offer for export. It was even hinted that F.E.A. would consider the possibility of requiring export licenses for all shipments to Canada as a method of controlling the movement of merchandise commodities to Canada if we insisted in non-restricting the export of manufactured articles containing U.S. components or manufactured articles similar to articles imported from the United States; for example, cotton textiles and cotton products.

4. In bringing these matters to your attention, I do not wish to exaggerate their importance or to suggest that we have not an answer to American complaints. I realize also that these complaints have been made on a comparatively low operating level and possibly a different attitude might be taken higher up, where Canada's reasonable and co-operative policy in these matters is doubtless better understood and appreciated. I feel, however, that it is essential that we put forward the facts of our situation on every possible occasion to the United States officials interested; from the highest to the

lowest. We should emphasize, as indeed we have emphasized, that Canada has no apologies to make to anyone for the control she has exercised over both exports and domestic consumption of civilian goods in the interests of the successful prosecution of the war. It should also be pointed out that there is already adequate Combined and Joint machinery in existence where all these matters can be discussed by the governments concerned.

5. Nevertheless, consideration should, I think, be given to the desirability of a formal and top-level approach to the State Department on this whole question. Before any such approach can effectively be made, however, it seems to me that Canadian policy should definitely be established on the following:

(a) The export of commodities containing United States components.

In this regard, I feel that Canada should be free to export goods containing new United States components and materials, just as the United States is free to export goods containing Canadian components and materials.

(b) The export of commodities which United States manufacturers are unable to make because of limitation orders.

In view of the fact that Canadian regulations on manufacture are, to say the least, as sensible and well devised to meet wartime demands as similar United States regulations, there seems to be no reason why Canadian exports should be bound by United States limitation orders.

(c) The export of raw materials for the manufacture of commodities in third countries, the manufacture of which is prohibited in the United States by limitation orders.

I do not see why Canada's exports to third countries should be restricted to materials, the domestic manufacture of which is approved in the United States. This would be tantamount to the imposition by the United States, and Canadian co-operation therein, of limitation orders on the whole world regardless of whether they are sensible at home or relevant abroad.

I have etc.

L. B. PEARSON
for the Ambassador

**1020.** DEA/6220-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

No. 843 Ottawa, June 8, 1944

Sir,

Your despatch No. 1168 of May 10 mentions "growing uneasiness" on the part of certain U.S. officials that Canada is converting wartime industries more rapidly than the United States and is thereby achieving a preferential position in respect of the domestic consumption and export of civilian goods.

Our reply must mention the mounting resentment on the part of certain Canadians who consider that such concern is unfounded; that it disparages the seriousness of our war effort and that as a consequence of it difficulties have been put in the way of legitimate and justifiable Canadian exports.

It is to be hoped you have over-estimated the uneasiness and we the resentment, but in any event both must be dissipated for the good of our general relationship. We suggest that this can best be done by establishing at top level principles which we can both apply to export problems. While principles will not eliminate competition for markets, they will ensure that neither of us fights the battles of peace-time trade with the weapons of wartime control and prerogative.

We submit the following: —

(A) Neither country shall export at the expense of the united war effort.

(B) Neither country shall take advantage of a preferred wartime position to further its commercial export interests at the expense of the other.

(A) [*sic*] No Canadian exports have been made at the expense of men, materials or facilities needed for war.

The movement of Canadian manpower is regulated by National Selective Service. We do not use DMS or WPTB orders for the purpose. The United States, we understand, does so use limitation and material orders. The lifting of a material order in Canada may have no effect on the manufacture of goods from the material if, as is frequently the case, no fabricating facilities are available or if no labour is available. Since the Canadian war programme is short of men, National Selective Service does not permit labour of use in war production to move to the production of non-essential goods.

On materials, the war effort has always had first claim and those United States officials who are concerned with the supply and distribution of materials know it well. When aluminum was in critically short supply, although Canada could supply her own war and civilian needs many times over, she devoted proportionately less to civilian use than did the United States with a domestic supply far below her own war needs. You can appreciate the feelings aroused here by the attitude of the United States that although aluminum is now in surplus supply, we should not declare it surplus and should not export it because somebody somewhere may make pots and pans out of it at a time when the United States manufacturer is not permitted to do so for reasons unrelated to aluminum. The United States has always been in a position to draw upon Canadian supply for war and essential use through the Materials Co-ordinating Committee, United States-Canada. The United States is kept fully informed of the Canadian production and stocks.

As to facilities there again exists special machinery — The Joint War Production Committee, United States-Canada — to ensure that any surplus facilities in Canada which are needed by the United States for war purposes are put to war use. No facilities have been converted to peace-time use that have been needed to meet war requirements. The United States has had a particularly good opportunity of utilizing plants not required by the Canadian

war programme and she has taken advantage of the opportunity. When any facilities are given over to peace-time purposes, it is because they are not needed for war.

(B) The preferred position problems arise from such conditions as control of shipping; conduct of diplomatic negotiations; administration of screening units in the fields. You have many examples to hand which we have raised with the U.S. authorities in respect to Venezuela, Peru, Martinique and North Africa.

When we apply the above standards to categories a), b) and c) mentioned in your letter we arrive at the same answers as you have.

a) The export of commodities containing U.S. components.

As you have indicated, the obvious answer here to criticism is to say that Canada is as free to export goods containing United States components and materials as the United States is free to export goods containing Canadian components and materials, subject, of course, to the principles enunciated.

It appears to us, moreover, that the question in practice answers itself. When components are in short supply in the United States, they are obtainable only for approved use. Exercise of Canada's right to export depends on her ability to obtain the components. Generally speaking, if such commodities are not made available in the United States for export they are not made available to Canadians for export. If they are available in the United States for export they should be made available in proper proportion to Canada for export. If not, then the U.S. wartime controls of priorities, scheduling and allocation would be made use of to further United States commercial export interests to the detriment of Canada.

b) The export of commodities which United States manufacturers are unable to make because of limitation orders.

We again arrive at your answer. To arrive at any other would be to subscribe to the principle "If either country is unable to export, then neither shall export."

Further, it has not been Canadian policy to prevent the import from the United States of commodities, the manufacture of which was prohibited in Canada, and in fact such goods are being imported. We assume conditions there are such that the manufacture can be allowed. If conditions are such in Canada that the manufacture can be allowed, one would expect the United States to welcome the addition to the supply.

c) The export of raw materials for the manufacture of commodities in a third country, the manufacture of which is prohibited in the United States by limitation orders.

Again we reach your answer. The United States and Canada cannot bind the importing nations to the controls imposed in our countries. We agree with you that Canada's export to third countries should not be restricted to commodities, the domestic manufacture of which is approved in the United States, for "this would be tantamount to the imposition by the United States and Canadian co-operation therein of limitation orders on the whole world regardless of whether they are sensible at home or relevant abroad."

More specifically we are amazed to read once again of bronze water meters. The United States and ourselves have shaken hands over the dead body of this problem at least half a dozen times. The case is well stated in Mr. Plumptre's memorandum to Mr. Bateman of April 11th:[1]

"Brass housings are made from a low grade ingot. This is in surplus in Canada; it has been repeatedly offered to U.S. but has been refused. U.S. regulations only permit housings of cast iron which, it is generally agreed, is an unsatisfactory material requiring for machining four times the man-hours required for brass. In short, brass is the better material under present circumstances, and there is no good reason why U.S. officials should for months have denied shipping space and thereby held up Canadian exports of brass meters to a normal Canadian market in South America."

On aluminum pots and pans, the answer surely must lie in aluminum. If it is in surplus war supply, if its use or export does no harm to the war effort, that should be an end to it. It is we who must and do complain about the interference on the part of the United States with our aluminum shipments to Latin America. These are still held up and we suggest that such interference is unwarranted and we urge you to press immediately for clearance.

The Department of Trade and Commerce has information from Rio indicating that so far this year no less than 420 tons of virgin aluminum had been taken by one firm alone; that the orders were originally for Canadian metal, but in view of the export permit situation in Canada, the orders were transferred to United States suppliers. They have advice also from Cuba that "substantial quantities are arriving from the United States."

As to pipe, Canada has always imported large quantities of steel from the United States for the manufacture of pipe, tubing, etc. The Steel Controller's statement on Canadian requirements of United States steel includes specific reference to the fact that a certain proportion will be used for re-export and the steel has been allocated on this declaration. The exports are examined very carefully to determine essentiality.

As to export from Canada of articles similar to those imported from the United States, there has been agreement that the principle to be applied is that such exports shall only be for essential use in the maintenance of past trade to old customers. This principle is based on the understanding that we are operating from a common pool. If the need is essential it will be filled. It is fair that it should be filled by the country that has developed the market. Whichever country is the supplier, the same amount of material moves.

You say that it has been hinted that unless we subscribe to certain limitations that export licences will be imposed. If there is the least danger of such a development, the matter should be taken up in the highest possible quarters immediately, for such a retrograde step would contravene declarations of the President and our Prime Minister. The United States has complete control over the allocation and distribution of materials and components needed for war. Canadian procurement in the United States is completely subject to those controls. For this reason, export controls to Canada were

removed as they represented an unnecessary duplication of existing controls. Their re-imposition could not be interpreted otherwise than as a clear case of the imposition of wartime controls to further peace-time commercial interests.

We have not dealt with the rate of Canadian conversion to peace. It has, of course, not been more rapid than that of the United States. Our show of speed came in the conversion to war, not from it. Mr. Plumptre, for the CPRB needs, covered this ground fully and well in his memorandum dated April 11th to Mr. Bateman.

We subscribed to the Decentralization Plan as a means of avoiding over-supply to any country of materials in short supply and of avoiding overloading of distributing, shipping and port facilities. We tabled the most complete information on our export programmes. We regret to say that we found certain U.S. officials particularly at operating levels, over-critical of our programmes and reluctant to give us complete information on U.S. programmes. We ask that those in the United States Administration who understand and appreciate "Canada's reasonable and co-operative policy" — to use your words — see to it that administrative officials are disabused of any idea that it is their duty to police our exports. If this is done we should be able to maintain in the export field the same high degree of friendly co-operation which exists throughout our general relationship. Examples of what appears to be policing are: the programme for water meters has been held up since January; the aluminum programme since April 27th; that for brass E ingot since April 8th. The supplementary estimates for the first and second quarters of 1944 were held up from January 21st to March 14th.

We do hope that difficulties will be dispelled. The volume of trade involved from the Canadian point of view is so small it would be a great pity if any trouble arose because of it. Our exports to Latin-America in 1943 were $26,574,072, less than half of our 1941 exports to Latin-America and less than 1% of our total exports last year. This 1%, as has been pointed out, is only slightly higher than the Canadian Government's gift of foodstuffs to Greece under the Relief Scheme.

We think the Embassy should move to establish the principles enunciated above at top level and to take vigorous action to clear all programmes justifiable by these principles.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1021.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

TOP SECRET [Ottawa,] May 10, 1945

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EXTENSION OF HYDE PARK AGREEMENT; EXCHANGE OF NOTES

9. THE MINISTER OF MUNITIONS AND SUPPLY submitted a letter from the U.S. Ambassador proposing the continuation of the general principles of the Hyde Park Declaration on a reciprocal basis for the remainder of the war.

Under the Declaration, each country was to provide the other with the defence articles which it was best able to produce, and above all produce quickly; production programmes to be co-ordinated accordingly. The Agreement had been implemented in large part by equal and reciprocal application of priorities and allocations to domestic producers in the two countries. It was hoped that the same spirit of co-ordination would characterize the approach to reconversion and other problems of mutual concern in the transition to peacetime economy during the remainder of the war.

Accordingly, it was stated in Mr. Atherton's communication that, on condition of reciprocity, particularly where Canada was to supply materials needed for reconversion to civilian production, the U.S. government would be prepared to implement the following principles with respect to Canadian industrial requirements for reconversion purposes:

(a) application of priorities to Canadian requirements would be as closely parallel as practicable to the application of U.S. priorities to U.S. domestic requirements;

(b) Canada would be given priorities assistance only of the character and to the extent parallel to assistance to similar U.S. needs, including machinery for reconversion (No objection, however, would be made to more rapid conversion if components could be obtained without priorities.);

(c) assistance similar to that granted small domestic firms in the United States would be given to Canadian companies and other rating privileges extended on a comparable basis; and

(d) an effort would be made to pursue, as far as possible, a parallel course in the revocation and relaxation of controls, but in the event of more rapid relaxation in Canada, priorities assistance would not be given to make civilian goods in Canada, the manufacture of which remained prohibited in the United States.

The disposal of surplus war assets, arising from orders placed by either government in the other country and the relaxation of wartime controls affecting trade were also mentioned as matters in which similar principles might be employed, but, in these respects, no specific proposals were advanced by the U.S. government.

(Letter, U.S. Ambassador to Acting Secretary of State for External Affairs, May 7, 1945).[1]

10. MR. HOWE said that the general principles of the U.S. government's proposals seemed acceptable, and it was intended if Cabinet approved, to have a draft reply prepared expressing Canadian agreement with the proposals contained in the U.S. note, but omitting specific reference to the Hyde Park Declaration. The draft reply would be forwarded to the Prime Minsiter in San Fransisco for final approval before despatch.

(External Affairs memorandum for Council, May 10, 1945).[1]

11. THE CABINET, after discussion, approved the proposals of the U.S. government as set out in the communication submitted, and agreed that the Acting Secretary of State for External Affairs should have an appropriate reply prepared for despatch upon the approval of the Prime Minister being obtained.

. . .

**1022.** DEA/1497-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Under-Secretary of State for External Affairs*
*to Acting Under-Secretary of State for External Affairs*

San Francisco, May 10, 1945

Dear Mr. Read,

Confirming our telephone conversation yesterday afternoon about the reply to be made to United States Embassy Note No. 320 of May 7th,[125] I am enclosing, for your information, copies of a note by Mr. Rasminsky, to whom I had sent your telegram No. D. 138[1] for his observations.

I think the points made in Mr. Rasminsky's memorandum are well taken, particularly his suggestion that, in concurring in the United States proposal that our two countries continue their economic cooperation during Stage II, we should not do so under the sign of the Hyde Park Declaration. I made this point in conversation with Mr. Theodore Achilles of the Department of State this morning. He thought an assurance, in general terms, of the continued cooperation of Canada would meet the War Production Board's requirements, and that they were not counting on our confirming in terms the specific reference to the Hyde Park Declaration. I got the impression from him that the references to the Hyde Park Declaration in the American note had been inserted as a bit of special pleading by friends of ours in Washington who were anxious to justify the extension of domestic treatment to Canadian requirements at a time when the United States authorities expected to be under

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[125]Pour l'Échange de notes, voir Canada, *Recueil des traités*, 1948, N° 1.
For the exchange of notes, see Canada, *Treaty Series*, 1948, No. 1.

renewed pressure to treat all foreign countries alike — in the matter of export controls, priorities, etc.

Yours sincerely,

N. A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum de l'adjoint exécutif du gouverneur, la Banque du Canada, aux sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Executive Assistant to Governor of Bank of Canada to Under-Secretary of State for External Affairs*

[Ottawa,] May 8, 1945

I have the following observations to make with regard to Confidential telegram No. D-138 of May 7th from Ottawa,[1] regarding the United States Embassy Note of that date:

1. It seems to me that the substantive proposals of the United States Government are in themselves reasonable. I am, however, not very happy to have them linked to the Hyde Park Declaration since this might open the door to all sorts of other proposals in the future. The specific requests which are made of us, or which we are warned of, in the United States note are the following:

(a) Reciprocal action regarding priorities, allocations and de-controls during the reconversion period;

(b) Disposal of surplus war-like stores arising from orders placed by either Government in the other country;

(c) Abolition of the war exchange tax, and

(d) Procedures applicable to exports to Latin America.

Even if no further requests for action under the general principles of the Hyde Park Declaration are forthcoming, this list covers a very broad section of our future economic policy. It may well be desirable for us to enter into co-operative arrangements with the United States regarding all these matters (though it is difficult to see why we should have a concerted policy regarding exports to Latin America which is not also applied to exports to other parts of the world). However, I think that it is straining the meaning of the Hyde Park Declaration to say that the concerted action in these matters is a logical and necessary consequence of the Declaration. The only general principles enunciated in that Declaration are the following:

(a) A statement that the President and the Prime Minister "discuss measures by which the most prompt and effective utilization might be made of the productive facilities of North America for the purpose both of local and hemisphere defence, and of the assistance which, in addition to their own programme, both Canada and the United States are rendering to Great Britain and the other democracies," and

(b) It was agreed as a general principle that "in mobilizing the resources of this continent each country should provide the other with the defence articles which it is best able to produce, and above all, produce quickly, and that production programmes should be co-ordinated to this end."

It would seem to me that to whatever extent we are willing to enter into concerted measures of economic policy with the United States during the reconversion period, we should base this willingness on our general desire to co-operate as reflected for example in the exchange of notes of November, 1942,[126] (?) embodying undertakings similar to those in Article VII of the Mutual Aid Agreements.

I think that we could accept their proposal that "the same spirit of co-operation between the two countries (which was manifested in the Hyde Park Declaration) should characterize their treatment of re-conversion and other problems of mutual concern as the transition to peace-time economy progresses," without tying this firmly to a continuation of the general principles of the Hyde Park Declaration on a fully reciprocal basis as they have done, since these general principles are not really relevant to the new situation.

2. As regards their detailed enumeration of principles on page 2 of the cable, I suppose that the main item which we might find difficulty in placing American requirements on a parity with our own is lumber, but I do not know enough about the supply situation to make a useful comment.

We would have to take some general protection regarding the continued necessity of export controls to protect domestic supplies where our price ceiling is lower than the American price ceiling. The last sentence of principle 2, without this qualification, might put us in a position where American purchasers could outbid domestic purchasers without benefit of priorities assistance and we would not be entitled to object to resultant more rapid re-conversion activities in the United States.

No reciprocity is possible with regard to principle 3.

I see no objection to principle 4.

3. I wonder whether the reference in the third paragraph on page 3 to the "close collaboration among the Governments of the British Commonwealth and of the United States" as a factor in the great wartime increase in the output and exchange of goods, taken in such close juxtaposition to the reference to "post-war collaboration along equally bold and imaginative lines in the interest of expanded world trade" might not be taken as a suggestion that we initiate discussions with the United States looking in the direction of concerted action to help deal with the British financial difficulties? The conversations I have had here with American officials do not support such an interpretation but it is rather difficult to understand just why this reference was introduced.

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[126]Le 30 novembre 1942. Canada. *Recueil des traités*, 1942, N° 17.
November 30, 1942. Canada, *Treaty Series*, 1942, No. 17.

My conclusion is that we might express concurrence in the general principle that the same spirit of cooperation which has guided the two countries during the war should characterize their treatment of reconversion and other problems of mutual concern as the transition to peacetime economy progresses and that post-war collaboration along bold and imaginative lines is essential in the interests of expanded world trade, while reserving, at least for the time being, the linking of this Declaration to the Hyde Park Agreement.

L[OUIS] R[ASMINKSY]

**1023.** W.L.M.K./Vol. 334

*Aide-mémoire de l'ambassade des États-Unis*

*Aide-mémoire from Embassy of United States*

CONFIDENTIAL Ottawa, July 18, 1945

The Government of the United States has long held the view that wartime controls and restrictions should be discontinued as soon as the war need for them disappears and no other valid emergency reason for retaining them exists. In the belief that the Canadian Government shares this view, and fully recognizing and appreciating the steps already taken in Canada to terminate or relax wartime restrictions on imports from the United States, the United States Government desires to invite attention to certain measures still in effect which tend to restrict imports from the United States into Canada. Specific reference is made to the following:

(1) The 10 per cent war exchange tax on imports from non-sterling countries.

(2) The increased tariff preferences to the United Kingdom on imports of goods named in Schedule Two of the War Exchange Conservation Act.

(3) Prohibitions and other quantitative restrictions on imports of specifically named products by administrative order.

It is understood that the Canadian Government's need of building up an adequate reserve of United States dollars was the primary reason for taking the first two measures named. That need, however, would appear no longer to exist in view of the magnitude and steady increase of the Canadian Government's holdings of United States dollars. Appreciative note has been taken of the recent action of the Canadian Government in relaxing in several directions the application of the Canadian exchange control, which is indicative of the improved situation in this respect.

Officers of the Canadian Government have announced on several occasions an intention to remove the 10 per cent war exchange tax and the increased tariff preferences in the War Exchange Conservation Act as soon as the emergency need for them has disappeared. For example, on June 24, 1940, when introducing the war exchange tax (as an amendment to the Special War Revenue Act), the then Minister of Finance, in his budget speech, stated:

"As I have explained these measures for conserving exchange are dictated by the conditions of the present emergency. Needless to say, we regret that the

exigencies of war make any such restrictive action necessary, and our fervent hope and firm resolve are that at the earliest possible moment we may be able to return to the long-run policy of this Government, which is that of the progressive lowering of trade barriers and the encouragement of trade not only with the United States but with all peaceful nations. The Government remains in fullest accord with the Trade Agreements programme in which Canada has co-operated with the United States, Great Britain and other countries, and has no intention or desire to alter by these emergency measures the permanent channels of trade.

"The War Exchange Tax is peculiarly an emergency measure. It is of the type provided for by The War Clause of The Canada-U.S. Trade Agreement, and action is taken under that clause. The operation of this proposed measure will, accordingly, end with the War."

Later, on December 2, 1940, when Mr. Ilsley, who had become Minister of Finance in the interim, introduced the War Exchange Conservation Act, he declared:

"I wish to emphasize . . . that we have no desire or intention in the measures which we must take for war purposes of implying any permanent change in our normal trade policies . . ."

Later he stated:

"Action now taken is peculiarly an emergency measure whose operation will end with the war, and no vested interest in it will be recognized."

On December 5, 1940, he stated:

"These proposals have one purpose and one purpose alone, namely the conservation of foreign exchange."

Finally, in January, 1941, Mr. Ilsley declared that the measure "would not be continued longer than was necessary."

From the foregoing quotations it would appear that the Canadian Governmnt laid great stress on the emergency character of the legislation. While in each case it was stated that the operation of the measure would "end with the war", the emphasis appears to have been clearly on the meeting of emergency needs which, it was evidently presumed, would continue for the duration of the war.

Also, the Embassy's note No. 320 of May 7, 1945, to the Canadian Government on problems of transition from war to peace[127] proposed continued United States-Canadian reciprocity under the Hyde Park principles, and specifically stated that among other questions on which the United States Government might seek the favorable consideration of the Canadian Government under these principles was relaxation of the war exchange tax. The Canadian Government in its reply of May 15, 1945,[128] stated that the Hyde Park spirit of cooperation would guide it in handling transitional problems of mutual concern. In the light of the closeness of the economic

[127]Document 1021.
[128]*Ibid.*

cooperation between the two countries, both in the war and in the transition periods, it seems not unreasonable to consider the Canadian wartime measures restricting imports from the United States as of mutual concern to the two countries.

As regards the various prohibitions and other quantitative restrictions on imports under the authority of individual control officers, it is recognized that scarcity conditions and other wartime phenomena may in many instances at least make immediate termination of such restrictions undesirable, but it would be helpful if the purposes now served by such restrictions might be reviewed with a view to appraising the need, if any, for their retention. In this connection, the Acting Prime Minister, Mr. J. L. Ilsley, released May 10, 1945, a statement which contained the following paragraph:

"It has already been said in a statement, made on behalf of the Government and laid before Parliament, that following the European war 'it will be the policy of the Government to relax controls over production, materials and manpower as rapidly as supplies justify.' The control measures were instituted to ensure that, in conditions of acute scarcity, the war programme and the essential needs of the civilian population were not jeopardized. As acute scarcities disappear and as it becomes possible to shift over to civilian employment, wartime controls will be relaxed and discontinued."

In the case of certain products the 10 per cent war exchange tax and perhaps some of the individual quantitative restrictions conflict with Articles VI and X of the United States-Canada trade agreement of 1939[129] prohibiting imposition or increase of duties, or imposition of quantitative restrictions, on imports of Schedule I products. In general, as regards measures taken by either government under the war escape clause of the agreement, it is the view of the United States Government that as the shortages in products or in exchange or other conditions which have given rise to such measures disappear, and the furtherance of the joint war effort no longer requires the continuance of the measures, they should be discontinued.

The United States Government hopes that Canadian wartime measures restrictive of imports from the United States will be discontinued as soon as practicable even where they are not in conflict with provisions of the trade agreement, that is, that all the wartime import restrictions will be removed as soon as practicable, independent of their specific relation to the agreement. In this connection, reference is made to Article XV, paragraph 1, of the agreement, providing as follows:

"Should any measure be adopted by the Government of either country which, while not conflicting with the terms of this Agreement, appears to the Government of the other country to have the effect of nullifying or impairing any of the objects of the Agreement, the Government which has adopted any such measure shall consider such representations and proposals as the other

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[129]Canada, *Recueil des traités*, 1939, N° 8.
Canada, *Treaty Series*, 1939, No. 8.

may make, with a view to effecting a mutually satisfactory adjustment of the matter."

The United States Government has proceeded and is proceeding, as regards its own wartime controls affecting Canadian trade, in conformity with the same general principles as advocated by various responsible Canadian officials for termination of Canadian wartime controls. As regards United States wartime controls which are in conflict with the objectives of basic United States commercial policy, the United States Government takes the position that each control should be reviewed from time to time to determine whether the reasons for its imposition have disappered. The policy of the United States Government is to remove wartime trade controls as soon as the original reasons for imposing them no longer apply and no valid reasons relating to national security or to existing commitments, or to the implementation of policy with respect to neutrals and ex-enemy countries or to the maintenance of the essential requirements of civilian populations exist. Action relative to international trade has already been taken under this policy. For instance the number of commodities now subject to import control orders M-63 and WFO-63 has substantially declined from the peak listings of the fall of 1943.

In the light of the foregoing and on the assumption that there was no reason other than exchange considerations for the imposition of the war exchange tax and that no valid emergency reason has since come into existence, the United States Government hopes that the Canadian Government may give favorable consideration to the immediate termination of the war exchange tax insofar as it still remains in force.

The United States Government would also greatly appreciate any information as to the intention of the Canadian Government, particularly in the light of Mr. Ilsley's statement quoted above, regarding the future of the increase in preferential tariff margins granted the United Kingdom in Schedule Two of the War Exchange Conservation Act.

As regards the prohibitions and other quantitative restrictions on imports under the authority of individual control officers, many of which were imposed in consultation and cooperation with the United States, the United States Government feels that these prohibitions and restrictions should be removed *pari passu* with the disappearance of the emergency need for maintaining them. It is the belief of the United States Government that this is, in fact, the policy of the Canadian Government and it fully appreciates the relaxations in this category of restrictions which have already been made in Canada, many of them paralleling similar relaxations in the United States.

The United States Government, in connection with the foregoing observations, wishes to make known its appreciation of the extent to which the Canadian Government has already partially relaxed its wartime restrictions affecting imports, not only in connection with the prohibitions and restrictions referred to in the immediately preceding paragraph but also by terminating effective August 1, 1944, the prohibitions on imports of various products from the United States under Schedule One of the War Exchange Conservation Act; by its various deletions from the list of products subject to the war exchange

tax; and by its easing of the exchange control and travel restrictions. The United States Government also appreciates the fact that the Canadian Government has been most cooperative in trade matters which have recently arisen between the two Governments. Furthermore, it most sincerely desires not to make any suggestions to the Canadian Government which might seem to reflect inadequate appreciation of the wartime economic problems still facing that Government.

**1024.** W.L.M.K./Vol. 334

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

CONFIDENTIAL [Ottawa,] July 18, 1945

The United States Charge d'Affaires, accompanied by Mr. Fox, the Commercial Counsellor of the United States Embassy, left the attached aide mémoire with me this morning. I promised to bring it to the attention of the Ministers concerned.

As regards the requested removal of the War Exchange Tax, I said I could add nothing to the repeated declaration of Canadian Government policy which were quoted in their memorandum. The Minister of Finance had, time and again, made it clear that the Government regarded the War Exchange Tax as a temporary emergency measure, to be removed whenever the conditions which had made it necessary ceased to exist. Canadian manufacturers had been warned that they could not count on consolidating the adventitious protection they might draw from the War Exchange Tax. Altogether I could not see any cause for their worrying about the indefinite continuance of this Tax.

As regards their second point, the continuance of the larger British preferences resulting from the wartime reduction or removal of duties on certain United Kingdom products, I said I did not know what the Government's policy would be. It would undoubtedly be under serious pressure from local manufacturing interests to have their pre-war protection against United Kingdom exports restored. For my own part, I would be sorry to see this done. It was unreasonable for the United States to press us to increase the tariff duties on United Kingdom imports as a means of restoring the "equilibrium position" between United States and United Kingdom exports existing prior to the war. That equilibrium had, in fact, been completely and perhaps irretrievably upset, and to the advantage of the United States, by the fact of the war itself, which had severed many Canadian-United Kingdom trade connections and increased our dependence on domestic and American sources of supply. Given the overall difficulties which the United Kingdom would have to meet in rebuilding her export trade and given our joint interest in seeing that trade expanded, I did not think that the United States should

press us to put any new obstacles in the way of such imports as we might be able to take from the United Kingdom.

On the third point relating to prohibitions and quantitative restrictions on imports, Mr. Fox said that he fully recognized that these controls had, in most instances, been worked out in cooperation between the competent United States and Canadian authorities, and that, in a number of cases, the United States was relying on Canadian import controls to supplement their own domestic priority and price maintenance policies. His Government was not pressing us to take any precipitate action to remove or modify these controls which, in general, had worked fairly and, under wartime conditions, to the mutual advantage of both countries. They wondered if we had made any recent survey of the various import controls now in force under the wartime Orders. If so, they would be glad to have any further information on the subject that we could give them. I said I did not know exactly what the present position was or how recently we had taken an inventory of the operation of the special controls, which had been delegated to the Departments of Munitions and Supply, Agriculture, and the Wartime Prices and Trade Board. I would consult the External Trade Advisory Committee and find out whether they thought it would be feasible to take a general look at the present position and see which controls were now operating, which could perhaps be wound up, and which we should have to keep to support the price ceiling, as well as the war production and food supply programmes.

N. A. R[OBERTSON]

**1025.** DEA/826-AN-39

*Le secrétaire d'État par intérim des États-Unis au chargé d'affaires aux États-Unis*

*Acting Secretary of State of United States to Chargé d'Affaires in United States*

Washington, September 18, 1945

The Acting Secretary of State presents his compliments to the Chargé d'Affaires ad interim of Canada and refers to the Embassy's note no. 222 of April 24, 1943, in regard to Canada's participation in Decentralization Plan A with respect to the control of exports to the other American republics. Reference is also made to recent conversations between officers of the Embassy and the Department in regard to the abolishment on October 1, 1945, of Decentralization Plan A, and the discontinuance on September 30, 1945, of the certificate of necessity procedure for Argentina.

As indicated in the above-mentioned conversations, the Foreign Economic Administration has announced the abolishment of the Decentralization Plan and the discontinuance of the certificate of necessity procedure and there is transmitted herewith, for the Embassy's information, a copy of the Administration's Current Export Control Bulletin no. 274[†] containing these announcements.

The Department is extremely grateful for the Canadian Government's cooperation in connection with the administration and the successful termination of these war-time export controls, and wishes to express its appreciation of the Embassy's participation in these matters.

**1026.** DEA/836-AN-39

*L'ambassadeur aux États-Unis*
*au secrétaire d'État par intérim des États-Unis*

*Ambassador in United States*
*to Acting Secretary of State of United States*

No. 341 Washington, October 3, 1945

The Canadian Ambassador presents his compliments to the Acting Secretary of State and has the honour to refer to Mr. Acheson's note of September 17th concerning the abolishment of Decentralization Plan A on October 1, 1945, and the discontinuance of the certificate of necessity procedure for Argentina on September 30, 1945.

The Canadian Ambassador has been instructed to inform the Acting Secretary of State that the Canadian Government agrees to the arrangements already made between officers of this Embassy and the State Department for the discontinuance of the two procedures affecting exports to Latin American countries. Notice of the termination of these arrangements has appeared in official Canadian Government publications and in the press.

In concurring with these proposals the Ambassador wishes to convey the Canadian Government appreciation for the helpful assistance and co-operation given officers of this Embassy and visiting Canadian officials at all times by the staffs of the United States agencies concerned with this matter.

## SECTION D

## RATIONNEMENT DE LA VIANDE
## MEAT RATIONING

**1027.** DEA/6247-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1189 Washington, February 28, 1944

FOR IMMEDIATE ACTION

IMMEDIATE. Canadian officials in Washington have been considering the effect on opinion in this country of the proposed action to suspend meat rationing in Canada. We feel bound to report to you our views in this regard.

In the official world our proposed action has been greeted with alarm. At discussions with officials of OPA[130] and the War Food Administration it was pointed out by the Americans that our action would result in very great pressure on the United States to take similar action and would cause them very real embarrassment. They do not feel that they should follow our course, though political pressure may force them to. In any event they will have to expedite an announcement which they were already going to make to revise downward the point values for meat, though this revision will not be of such a character as to make it possible for them to say that their people are being as well treated as ours.

They have also pointed out to us that our action will make it more difficult for them to keep up Lend-Lease food shipments to the United Kingdom, as it will be more difficult for them to maintain rations and thereby divert supplies to Lend-Lease. I think that they appreciate our difficulties, but naturally they are extremely concerned with the effect of our action on their own difficulties and some of them have used fairly strong language in this regard.

The reaction in Congress will, I think, be immediate and will reflect the inevitable public verdict — namely that the Canadian people are much better treated in these rationing matters than Americans. As you know, there is already a widespread opinion to this effect, and the suspension of meat rationing will enlarge and strengthen it. In that regard, the proposed action of Ottawa will have a bad effect on our standing in this country — at least for the time being. There seems to be no doubt that the headlines on Wednesday morning will be "meat rationing abandoned in Canada." That will certainly not look well here.

We realize that, of course, there are considerations in Ottawa which may require this action; nevertheless, we feel bound to give you our opinion of its repercussions in this country, even though these repercussions may be neither logical nor defensible, in view of the circumstances which necessitated our action. In the light of the effect it will have in this country, would it be possible to reconsider the matter? You will of course be aware that the British have had a similar situation with temporary gluts, especially in the case of cheese. Their experience has been that it is much better to keep on controls, even though they are nominal.

As was pointed out at a meeting of the Combined Food Board Executive officials this afternoon, once you suspend, it is extremely difficult to restore. For this reason, United States authorities have also on three occasions rejected proposals to abandon rationing of pork, and instead have successfully moved supplies by adjustments within the existing ration system. Would it not therefore be possible to increase the meat rations and not do away with them? The argument for this would seem to be stronger, if suspension will not in fact result in the surplus being removed by consumption.

If, however, suspension is required to meet the Canadian position, could not the public announcement be made in such a way as to minimise its effect in

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[130]Office of Price Administration.

this country? We had thought that possibly a sentence might be included to the effect that the Canadian Government naturally would be glad to consider any means by which some of this surplus meat could be moved into American consumption, but on enquiry we find that such an announcement would embarrass rather than help them here, because it would be impossible to implement it.

In any case, should there not be a very carefully prepared press statement given out in Ottawa at the time the official announcement is made to Parliament? It seems to us that the first draft of the preliminary parliamentary statement' would not be suitable, in so far as its reception in the United States is concerned. We have no illusion that any announcement will prevent what we think will be an inevitable unfavourable reaction in the United States. It might soften the blow, however, if the announcement were skillfully phrased.

We think that such an announcement should be very short and emphasize that the suspension is temporary only; that this emergency is due to an excess supply situation which cannot be taken care of by storage or transport, for reasons which might be briefly indicated; that it does not mean that we are lessening shipments overseas or backing down on our commitments, and finally, that if there had been any alternative action possible, we would have been glad to take it. However, the alternatives were simply to let meat rot in Canada or have it eaten in Canada. We would be glad to prepare such a statement here, designed primarily for United States consumption.

**1028.** DEA/6247-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux État-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-844 Ottawa, February 29, 1944

Following for Pearson from Angus. Begins: Your WA-1189 of February 28th.

There seems to be one possible source of misunderstanding between us and the United States authorities which could be cleared up in conversation but could not very easily be made the subject of a formal press announcement. The United States view seems to be that we should embarrass them less if we were to relax our rationing of meat by increasing the quantities per coupon than if we were to suspend the rationing for a short period. On the American system of rationing this is obviously true because of their point system. In our own case there is no difficulty in suspending meat rationing for a period and no technical difficulty in resuming it at any time. The view of the Wartime Prices and Trade Board is that it would be quite unjustifiable to keep their staff at work checking a coupon system if the quantities per coupon were substantially greater than they are now. The reason is that we expect no greater consumption under suspended rationing than would take place if the coupon values were

substantially increased. Do the United States authorities fully appreciate the position that we should be in if we maintained meat rationing in appearance when it was obvious to every consumer that it was of no practical importance?

**1029.** DEA/6247-40

*L'ambassadeur aux État-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-1232 Washington, March 1, 1944

IMMEDIATE. Following for Robertson from Pearson. Begins: Reference meat rationing.

The three morning papers that I have seen handled our suspension of meat rationing in a satisfactory way. We have been greatly helped by its association in the newspapers with the O.P.A. decision to ease meat rationing here and though there is a considerable difference between our suspension and their easement, that difference is not emphasized in the headlines I have seen. We are also helped by the fact that in the same editions appears a story from Ottawa based on Mr. Howe's speech[131] and under a heading "Canada pays for United States air aid." Fortunately our official release† was in time to kill the unofficial story that the news agencies were carrying. Even the 11 o'clock radio news carried our official story which was of course much better for us as the unofficial report was inaccurate and misleading. We have, however, a very strong and legitimate complaint about the way this official news release was handled in Ottawa. You will recall that we were asked to prepare it here primarily with the press of this country in mind. We did so and yesterday afternoon had it cleared in Ottawa with Sharp of the Department of Finance. He, however, said that they could not issue it in Ottawa as they were not issuing any press release of any kind, merely the text of Abbott's statement.[132] Campbell was also told by W.I.B. that on no account could he issue it before 10:00 p.m. Meanwhile, as I told you last evening on the telephone, unofficial reports had begun to appear on the news service tickers and both Mr. Ilsley and I urged you to do what you could to get Abbott to make his statement earlier so that we could release our official statement here. We received no reply from Ottawa so assumed that the original time held.[133] Campbell had all evening been worried, as I had, by telephone calls and had replied that we could give no information until 10:00 p.m. Sometime after 8:00 p.m. W.I.B. had told him that Prendergast was also issuing a release[134] (this contradicted

[131]Le 29 février 1944. Canada, Chambre des communes, *Débats*, 1944, volume I, pp. 1020-2.
February 29, 1944. Canada, House of Commons, *Debates*, 1944, Volume I, pp. 979-81.
[132]*Ibid.*, pp. 1080-1./*Ibid.*, pp. 1038-39.
[133]Note marginale:/Marginal note:
à qui la faute?
[134]Note marginale:/Marginal note:
given to Fin.[ancial] Dept. at 7 p.m.

what Sharp had said) but that this release was for 10:30 p.m. At 10:00 p.m. therefore Campbell distributed his story which was greeted by the press service and other press men with jeers as they had already received from Ottawa Abbott's statement and Prendergast's news release thereon. This made our day's activities in preparing a release and getting it cleared quite useless and meaningless. We have enough to do here without wasting our time in this way but that is probably not so important as the fact that it made our W.I.B. office look pretty ridiculous in the eyes of the press here whom it is supposed to help. It seems a strange thing to us that the publicity officer of the Wartime Prices and Trade Board could go ahead with a release of this kind without Finance knowing anything about it. In any event, we down here seem to have been made the goat. Ends.

**1030.** DEA/6247-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-878 Ottawa, March 1, 1944

IMMEDIATE. Following for Pearson from Robertson Begins: Your WA-1232 of March 1, meat rationing.

I am glad to learn that the morning papers discussed the Canadian suspension of meat rationing in a satisfactory way. The misunderstanding about the time of the release of the official statement in Washington appears to have occurred in the following way: After my telephone conversation with you I communicated with Gordon and he inquired if Abbott could make his statement earlier than originally planned. Abbott replied that he could not break in on the debate without making the statement appear far more important than it actually was but he agreed to release his statement to the press before he made it in the House. Gordon's impression was that this meant a release at 10:00 p.m. and he explained these arrangements to Angus who telephoned to him at my suggestion about 8:20 p.m. The Minister's secretary made the release to the press shortly after 9:00 p.m. and presumably this action led to its being known in Washington before you made your release at 10:00 p.m.

The statement made by the Wartime Prices and Trade Board was not intended as a press release to supplement the Minister's statement in the House but was made by the Board to explain the exchanges in the machinery for the aid of Canadian consumers. It was in no way the counterpart of the release which you had earlier proposed that we should make. By accident it got into the hands of the press about 8:00 p.m. instead of at 10:00 p.m.

We have no doubt all of us suffered a good deal of inconvenience from the fact that the story leaked out in Washington and forced us to take emergency action in anticipation of what we had arranged to do.[135] Ends.

**1031.** DEA/3633-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-3341 Ottawa, September 15, 1945

Following for Pearson from Robertson, Begins: Following memorandum, prepared by Chapdelaine this morning, shows state of our current knowledge of United States intentions re termination of meat rationing. You will appreciate how important it is for us to know as promptly and precisely as possible what United States policy in this field is going to be during the next few weeks and months. Memorandum begins:

The W.P.T.B. has never put the question bluntly of what future United States policy will be in regard to meat rationing. In recent days Mr. Gordon has spoken to Mr. Bowles,[136] who has explained that the United States would have difficulties in keeping meat rationing, mainly from an organizational point of view (workers are volunteers and they are leaving in large numbers). Mr. Bowles undertook to give ample notice should there be changes; such notice is also required by a Combined Food Board Resolution.

(2) Meantime the United States have increased their civilian allocation for the fourth 1945 quarter by 25%, bringing consumption during that quarter up to about 140 lbs. per head; this compares with some other periods of this year during which the consumption was 115 lbs. per head per year.

(3) Mr. Bowles let it be understood to Mr. Gordon that the United States probably would not take meat off rationing; nevertheless the trade is working on the assumption that meat rationing would be off in from four to six weeks.

(4) The W.P.T.B. representative in Washington, from talks with O.P.A. members has given his opinion that meat rationing would probably be lifted completely by middle October.

(5) A teletype[1] which arrived this morning states that the Department of Agriculture is pressing O.P.A. to remove their rationing on canner and cutter beef (all cheap cuts); that O.P.A. is resisting because Bowles is unwilling to take any action piecemeal when the possibility exists of complete lifting of rationing and Bowles does not wish to take any action until Snyder of O.W.M.R.[137] returns shortly. Ends. Message ends.

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[135]Voir aussi le volume 10, document 1288./See also Volume 10, Document 1288.
[136]Chester Bowles, administrateur./Administrator, Office of Price Administration.
[137]Office of War Mobilisation and Reconstruction.

**1032.** DEA/3633-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-4861 Washington, September 18, 1945

FOR IMMEDIATE ACTION

IMMEDIATE. Following for Robertson from Pearson, Begins: Your EX-3341, September 15th, United States meat rationing policy. Dr. Barton,[138] who was here last Thursday and Friday, was given the latest information concerning United States policy and plans on this matter. That policy was crystallized in the President's statement issued yesterday[139] and about which I spoke to you on the telephone a few minutes ago. I have reason to believe that this statement was given very serious consideration before its issue and is meant to be carried out, though of course one can never feel entirely confident that there may not be a change at any time. The statement confirms reports recently made to officials of this Embassy by United States officials that the United States Government recognizes its obligations to send relief and rehabilitation supplies to Europe and the Far East and intends to carry that obligation. They are worried, however, about financial and Congressional implications of this obligation. In this connection, more than one United States official has told us how helpful the re-imposition of Canadian meat rationing[140] has been from their point of view as an instance of Canada's determination not only to accept its responsibilities in this matter, but to implement that acceptance by concrete action. As one United States official put it, "Canada's action in this matter has certainly put us on the spot." Ends.

**1033.** DEA/3633-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-3999 Ottawa, November 22, 1945

MOST IMMEDIATE. Please transmit following message to President Truman from Prime Minister Mackenzie King. Begins. My dear Mr. President:

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[138]G. S. Barton, sous-ministre de l'Agriculture.
G. S. Barton, Deputy Minister of Agriculture.

[139]Voir États-Unis, *See* United States, *Department of State Bulletin*, Volume 13, September 23, 1945, pp. 428-9.

[140]Le rationnement de la viande avait été imposé de nouveau au Canada le 10 septembre 1945. Voir aussi le volume 10, documents 1306 et 1308.
Meat rationing had been reimposed in Canada on September 10, 1945. See also Volume 10, Documents 1306 and 1308.

1. I have been advised in strict confidence by the Canadian representative on the Combined Food Board that the United States member has intimated to his colleagues on the Board the probability of the United States discontinuing meat rationing on or about December 1st.

2. I have recent and vivid impressions of the urgent need for supplies of meat in the United Kingdom and continental Europe and of the extent to which they are relying on the cooperation of North America. It is, however, because of the great importance of close cooperation between our two governments that I am sending this message.

3. In the course of several conversations we both have agreed on the great value of the intimate wartime collaboration through the various Combined Boards, and we have also agreed on the desirability of continuing a maximum degree of similar collaboration during the difficult months that lie ahead.

4. The discontinuance of meat rationing in the U.S.A. will raise questions of policy in Canada which will require most careful examination. In the light of desparate European needs during the coming winter we feel that we should not discontinue meat rationing at the present juncture, and it is our present intention to continue meat rationing in full effect.

5. In view of the pressing needs of Europe and of the likelihood that the decisions of each country will react on the neighbouring Government, I should like to suggest that no final decision be taken in this matter before there is opportunity for further full discussion in the Combined Food Board, or, if desirable, at a higher level. Ends.

Yours very sincerely,

W. L. M. K.

**1034.** DEA/3633-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5889 Washington, November 23, 1945

FOR IMMEDIATE ACTION

Your EX-3999, November 23rd, message from the Prime Minister for the President. Message has been delivered by hand to the President this afternoon. In view of the fact announcement ending rationing had previously been made, I included in my covering letter the following paragraph, Begins:

In view of the action taken by the United States Government this morning, I am afraid that the suggestion made by Mr. King in the last paragraph of his letter cannot now be made effective. Nevertheless, I feel that I should send on the letter to you at once as an indication of the views of the Canadian Government on this matter. Ends.

**1035.** DEA/3633-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5956 Washington, November 27, 1945

FOR IMMEDIATE ACTION

IMMEDIATE. Following for Robertson from Pearson, Begins: You will have received a copy' of the covering letter I sent to the President with Mr. King's note to Mr. Truman regarding meat rationing. I also sent a copy of this letter under a covering one' to the State Department. The President's reply reached me a few minutes ago and is as follows. Letter Begins:

"November 27th, 1945.

"My dear Mr. Ambassador:

"I appreciate very much your note of the twenty-third, enclosing me a letter from the Honourable Mackenzie King.

"I am certainly sorry I did not get it before the order went into effect. Will you please inform him, however, that our shipments of food supplies will not be affected by this rationing programme? We are going to put forth every effort we have and contribute every ounce we can to prevent starvation in Europe this winter.

"Please express to him my kindest regards and best wishes.

"Very sincerely yours,

"HARRY TRUMAN"

Letter ends.

Unfortunately, before that letter reached me, the President's Press Secretary, Mr. Ross, made a statement on this matter this morning which carried on the news ticker this afternoon in the following form:

"President Truman prepared a reply to a letter from Prime Minister Mackenzie King about this country's sudden termination of meat rationing. White House Press Secretary Ross said Mackenzie King's letter involved the discontinuance of rationing and 'its possible effect on supplies we send the United Kingdom and Europe.' Ross explained that the letter was received by Mr. Truman after the end of meat rationing but that it was written before Mackenzie King knew about it. It has been reported that the letter protested the end of rationing in this country without consulting Canada. (Time: 12:13 p.m.)

"President Truman sent word to King that the end of meat rationing in this country will not affect American food shipments to Europe. The President asked Canadian Ambassador L. B. Pearson to inform King that 'We expect to

ship all we can possibly spare,' adding that 'The American people will not sit idly by with surplus foodstuffs when other countries are starving'."

2. I have also received a reply from Mr. Wailes to my letter to Mr. Hickerson, as follows. Letter Begins:

"My dear Mr. Ambassador:

"I received just now your letter addressed to my predecessor in connection with the announcement on Friday last of the cessation of meat and other forms of rationing in this country.

"In as much as you have, under instructions, taken this matter up directly with the President, I have no doubt that the White House is sending copies of the Prime Minister's letter on to the Secretary of Agriculture. I am, accordingly, holding the copies which you were good enough to send to me.

"Having learned on Saturday that the Ottawa office of *Time* magazine was aware of the Prime Minister's action in this matter, Mr. Parsons of this Division inquired in the Department of Agriculture as to the steps which had been taken to keep the Canadian Government informed. He was advised that the matter was discussed in the Combined Food Board meeting of November 20th, at which meeting the Canadian representative, Mr. Paterson, was present. The United States decision was taken late the following evening and on Thanksgiving Day Mr. Paterson was informed by telephone.

"Although I would agree that in the final stages this matter progressed rapidly to a decision, it is my belief, based upon the foregoing, that the trend of opinion in this Government has been made known to Canadian officials fully and frankly throughout. You will recall that Mr. Donald Gordon had discussions with some of the interested officials the previous week. I believe, therefore, that in this Department, too, there may be some surprise, in view of the action just taken by the Canadian Government, that no earlier indication was received of the strong reaction which this impending action would evoke in Ottawa. I, of course, share your regret that on the matter of meat and other rationing, once again there is a divergence of action on the part of our two Governments.

"Sincerely yours,

"EDWARD T. WAILES,
"Chief, Division of British
"Commonwealth Affairs"

Letter ends.

I anticipated a somewhat short reply from the State Department, but nothing quite so flip and irritating as this. The State Department are, I think, annoyed because we took this matter up direct with the White House. They are also, I think, not disposed to admit that their guilt in this matter is any greater than ours was a year or so ago when we suspended meat rationing in Canada without giving the authorities here much notice. Ends.

**1036.** DEA/3633-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-6013 Washington, November 30, 1945

IMMEDIATE. Following for Robertson from Pearson, Begins: My WA-5956, November 27th, meat rationing. I have sent the following reply to Mr. Wailes to his letter to me of November 26th quoted under paragraph 2 of above teletype. This was delivered by hand to the State Department at 11:30 this morning. Letter Begins:

Washington, D.C.

November 30th, 1945

Dear Mr. Wailes:

I have received your letter of November 26th dealing with the cessation of meat and other forms of rationing in this country. May I, in the first place, apologize both to Mr. Hickerson and to yourself for the stupid mistake in the addressing of my letter of November 23rd to which yours was a reply.

For the sake of the record, as they say, may I also comment on one or two points which you raise in your letter. I regret that the Department first learned of our Prime Minister's proposed action in this matter through the Ottawa office of *Time* magazine. How *Time* secured that information which was, of course, unauthorized, I am unable to ascertain. They seem to be enterprising in more Capitals than one.

I had hoped, of course, that you would get your first information about the Prime Minister's letter from a more official source and for that purpose sent my letter, referred to above, to the State Department by hand Saturday a.m., November 24th. Unfortunately, the State Department was closed; there was no one there to receive the letter which was returned to this Embassy and re-delivered to Mr. Hickerson to 10:00 a.m. Monday, November 26th.

I am afraid that the information given to Mr. Parsons by the Department of Agriculture concerning the steps which had been taken to keep the Canadian Government informed of proposed United States action on this matter does not harmonize in certain respects with our own understanding of what happened. The facts of the matter as reported to my by the Canadian Executive Officer of the Combined Food Board are as follows:

At the meeting of November 20th, to which you refer and at which Mr. Paterson was present, the matter was, as you state, discussed. Mr. Anderson,[141]

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[141]Clinton P. Anderson, secrétaire à l'Agriculture, États-Unis.
Clinton P. Anderson, Secretary of Agriculture of United States.

however, asked that this discussion be strictly off-the-record and that no minute be made of it. Mr. Anderson added that there was to be further discussions with the President probably later that day, or later in the week, but he made it clear that while there was a possibility of a change in rationing policy, no such change was likely to be made effective before December. There was, therefore, no decision of any kind for Mr. Paterson to report to me or to the Canadian authorities. There was, of course, information, as you state, concerning the trend of opinion in your Government on this matter but that information led us to believe that no decision would be taken for at least a week.

Following the meeting referred to above and at the request of Mr. Anderson, Mr. Paterson got in touch with Dr. Fitzgerald, United States Deputy Member of the Combined Food Board. They agreed on a message[1] which might be sent by teletype to the Canadian Minister of Agriculture. This was sent immediately on Wednesday, November 21st, and indicated that no change of policy would be announced before December.

According to your letter, a decision to act at once was taken on the evening of the same day, Wednesday, November 21st. This means that almost at the time we were informing the Canadian Government (in terms agreed on with the United States Deputy Member of the Combined Food Board):

(a) That no action would be taken for at least a week;

(b) That confirmation of United States intentions in regard to such action would be communicated later, definite action was, in fact, being taken. In the circumstances, you will, I feel sure, appreciate our surprise.

Mr. Paterson was advised of this November 21st decision at 8:45 p.m. on Thanksgiving night, November 22nd; definitely too late to permit the Canadian Government to consult with the Government here before the press conference at 10:00 a.m. on Friday, November 23rd, when the news was given out. Our Prime Minister, however, did try to bring about such consultation by his letter to the President, copy of which I have sent to you. However, the timetable made that impossible and there was no way by which the arrangements for prior consultation previously agreed on between Mr. Anderson and Mr. Gardiner could be carried out.

You mention Mr. Donald Gordon's visit to Washington, and suggest that he might have been able to ascertain during that visit what was about to take place. His information, however, was the same as Mr. Paterson's, that no action would be taken until December. In fact, his representative in Washington was informed by O.P.A. officials at this time that, in their opinion, no change of policy would be made before the end of 1945.

In view of the above circumstances, I find it difficult to understand how, as you suggest in the next to last sentence of your letter, the Canadian Government could at any earlier date have given to the State Department an indication of its reaction to the specific action which was so suddenly taken.

Yours sincerely,

L. B. PEARSON.

Ends.

**1037.** DEA/3633-40

*Le département d'État des États-Unis*
*à l'ambassadeur aux États-Unis*

*Department of State of United States*
*to Ambassador in United States*

[Washington] December 29, 1945

My dear Mr. Ambassador:

Although at this late date there is little perhaps of a constructive nature to be accomplished by writing a further letter in regard to the circumstances surrounding the cessation of meat and other forms of rationing in this country, I have decided to do so because of the very real concern felt here and in the Department of Agriculture over the evident belief of the Canadian authorities that we did not carry out our commitments to keep them fully advised of developments in this matter. Moreover, your letter of November 30, 1945, in which you so kindly apologized for several incidental and unimportant slips which occurred, put the record straight from the Canadian viewpoint. In fairness to our people in the Department of Agriculture, I should like similarly to put the record straight from the United States viewpoint.

Mr. Parsons of this Division referred a copy of your letter to the Department of Agriculture in as much as you indicated that the information given to him did not altogether harmonize with the Canadian understanding of what had happened. He received in reply a letter from Dr. Fitzgerald, copy of which is enclosed. I should like to repeat that we are sending this to you not in any spirit of controversy, but rather to indicate the concern which was felt over the Canadian dissatisfaction and to place our version of the matter on record.

Sincerely yours,

EDWARD T. WAILES
Chief, Division of
British Commonwealth Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Le bureau de réquisitions et de répartitions, le département de l'Agriculture des États-Unis, au directeur adjoint, la direction des affaires du Commonwealth britannique, le département d'État des États-Unis*

*Office of Requirements and Allocations, Department of Agriculture of United States, to Assistant Director, Division of British Commonwealth Affairs, Department of State of United States*

Washington, December 14, 1945

Dear Mr. Parsons:

This is in reply to your letter of December 5, reference BC, with which was enclosed correspondence with Ambassador Pearson concerning the recent removal of meat rationing in the United States.

I attended the CFB meeting on November 20 at which Secretary Anderson discussed the meat situation. Mr. Pearson is correctly advised that the discussion was off-the-record. At the same time, Secretary Anderson suggested that both the United Kingdom and Canadian Members of the Board immediately advise their respective Governments of the substance of the discussion.

The fact that Secretary Anderson suggested an immediate communication, plus the tenor of his remarks, clearly forecast the actual decision. In stating that "there was, therefore, no decision of any kind for Mr. Paterson to report to me or to the Canadian authorities," Mr. Pearson is being purely technical. While Secretary Anderson could not report that a final decision had been made, his position was clearly apparent. Moreover, he stated explicitly that the Price Administrator favored the removal of rationing because the system had even then largely broken down.

The CFB meeting ended about 4:00 p.m., November 20. Upon his return to the office, the U.K. Member immediately cabled London, but the Canadian Member apparently took no action until the next day for he called me just before noon on November 21 to read a proposed telegram to Ottawa.† Even assuming the telegram was sent promptly thereafter, it is apparent that there was a delay of nearly 24 hours in reporting the substance of the discussion at the CFB meeting to the Canadian authorities in Ottawa. We have, of course, no way of knowing when Ambassador Pearson was informed of the developments. It is apparent that if Ottawa had been advised on November 20, rather than on November 21, the Prime Minister would have been able to express his concern on November 22 rather than on November 23, and this would have

permitted us ample time to delay the announcement to accommodate the Canadian authorities.

We would, of course, have been entirely agreeable to doing this if we had been given any indication that there was objection to our proposed action. On the contrary, however, both the U.K. and Canadian representatives at the CFB meeting left the distinct impression that the proposed action would not create any insuperable difficulties in their respective countries. Their only request was that they be advised when the decision became official. That the decision was imminent is recognized by Ambassador Pearson, since he states that "Mr. Anderson added that there was to be further discussion with the President probably later that day, or later in the week. . . . . ."

Ambassador Pearson also emphasizes that the discussions strongly indicated that rationing would not be discontinued before December 1. It is correct that the date of December 1 was mentioned frequently but the point was also made that the exact date might well have to be determined by the date on which new ration evidence would otherwise have to be validated.

Moreover, the important consideration was not the date of discontinuation of rationing itself, but the date on which the announcement was made. There was absolutely no indication in the CFB meeting that any announcement concerning the discontinuation of rationing would not be made until December 1. In fact, every indication was that the official decision was to be made very promptly. Once this decision was made, an immediate announcement was necessary since the failure of the Office of Price Administration to validate new ration evidence would, in any event, make the decision apparent.

We regret very much the Prime Minister and other Canadian authorities feel that they have not been kept fully advised of developments in connection with the removal of meat rationing in the United States. However, we still believe that we fully carried out our commitments to keep the other members of the CFB currently advised. As a consequence, the protests of the Canadian authorities come as a complete surprise.

Very truly yours,

D. A. FITZGERALD,
Director

## SECTION E

### CAMIONNAGE SOUS DOUANE
### TRUCKING IN BOND

**1038.** DEA/48-FS-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

Ottawa, June 7, 1944

HAULAGE OF UNITED STATES FREIGHT BY TRUCKS ACROSS SOUTHERN ONTARIO

For several years we have been receiving almost a continuous series of representations from the United States Government asking for permission for United States trucks to haul freight over Canadian highways in the Niagara Peninsula. There is a saving in distance of some 90 miles between Buffalo and Detroit by the Canadian route as against the route south of the lakes. There is an established traffic of United States freight over the railways of the Peninsula but the movement by United States trucks has not, until recently, been permitted by the Canadian authorities.

In the spring of 1942 the matter was referred by Cabinet War Committee to the Board of Transport Commissioners for investigation and report. In its report† the Board recommended that authority be granted, for the duration of the war only, for the transportation in bond of *war materials* by United States trucks between United States points across Southern Ontario. This recommendation was put into effect by Order-in-Council† in July, 1942.[142] Following this authorization the movement had by the summer of 1943 reached an average of about 30 trucks a day.

In August last we received further representations from the United States Government asking for a liberalization of the arrangement.[143] In particular the United States authorities requested a widening of the term "war materials" to "materials necessary for the prosecution of the war or the maintenance of essential civilian economy." They had no complaint to make about the interpretation by Canadian officials of the existing limitation which they agreed was liberal but they wished to have it extended to include essential materials generally. In support of this request they stated that a) it is highly important to conserve the existing supply of trucks in the United States which will continue to be urgently required for essential transportation, b) trucks themselves should be regarded as a "war material", c) it is necessary to do everything possible to save rubber and gasoline, d) substantial savings in trucks, gasoline and rubber could be achieved by diverting trucks, which are

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[142]Voir le volume 9, documents 1197, 1198./See Volume 9, Documents 1197 and 1198.
[143]Volume 9, document 1199./Volume 9, Document 1199.

now moving south of the lakes, over the shorter Canadian route, e) it is not intended to divert new traffic to trucks and hence the railways will not be deprived of freight which they now carry, f) owing to the shortage of railway facilities it is not possible to conserve trucks by shifting the freight to the railways, and g) the post-war position is protected since no request is made for the privilege beyond the duration of the war.

The United States representations were considered by the Ministers of National Revenue, Transport and Labour. The Minister of National Revenue also had an interview on the question with representatives of the railways and the railway labour unions. Both of these were opposed to the requested liberalization of the arrangement. They flatly disputed the contention that the railways in Southern Ontario are unable to handle any additional traffic. Therefore, they maintain that the most effective way to conserve trucks, gasoline and rubber is to divert the traffic from the trucks to the railways. They do not believe that the liberalization of the truck movement could be so drawn as to apply only to existing truck traffic and they would regard any diversion of traffic from the railways as a serious matter from the point of view of railway revenues and employment. Furthermore, they do not believe that the privilege could be withdrawn at the end of the war despite the assurances now given.

Since the important facts of the matter were in dispute the Minister of National Revenue suggested to the Minister of Transport that the question be referred to the Board of Transport Commissioners for report. The Minister of Transport referred the question to Cabinet where the suggested reference to the Board was decided against. The Minister then told me that the matter could only be reconsidered if the Prime Minister wished to raise it himself in Council.

A few days ago an officer of the U.S. Embassy again approached this Department on the subject and stated that they had been asked to take it up energetically with the Canadian authorities. It is necessary to decide whether or not we should definitely refuse the request or whether the Board of Transport Commissioners should first be asked to report on the matter. The latter course would appear to be preferable to an immediate refusal even though it might appear as an attempt to achieve further delay. If a refusal were finally decided upon it could then be based on more solid ground.

Some consideration has been given also to the possibility of a report on this trucking question by the International Joint Commission. Mr. Read, the Legal Adviser to the Department, sees no reason why the Commission could not handle a reference of this sort satisfactorily if the necessary technical assistance is provided. This procedure would have some merit in that there would be an examination of the facts pertaining to the situation in both countries by an international body.

[N. A. ROBERTSON]

**1039.** DEA/48-FS-40

*Note du Cabinet du Premier ministre*
*au sous-secrétaire d'État aux Affaires extérieures*

*Note from Office of Prime Minister*
*to Under-Secretary of State for External Affairs*

[Ottawa,] July 18, 1944

I have now discussed this question with the Prime Minister, who suggests you might see if Mr. Howe and Mr. Gibson (National Revenue) have any different views about it.

I raised the question of a reference to the International Joint Commission. Mr. King did not give a yes or no answer but I gathered he would not be averse to this procedure.

J. A. G[IBSON]

**1040.** DEA/48-FS-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures*
*au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs*
*to Prime Minister*

CONFIDENTIAL [Ottawa,] July 20, 1944

I am returning for your records the memorandum[144] I gave you last month on the trucking in bond question. We have told the United States Embassy that if they wish to send a representative of the Office of Defence Transportation to Ottawa to discuss this question again, we shall be glad to talk to him, though we cannot hold out any encouragement that the present regulations will be further liberalized.

I do not think the Americans' request is unreasonable in itself, but I do not consider that getting the concession they seek would help them as much as giving it might hurt the Government. The railroad companies are solidly against any change in the present practice and they have mobilized the railway unions in support of their position. Mr. Gibson, Mr. Mitchell and Mr. McLarty[145] all have seats in the area directly interested in the trucking in bond question. In the circumstances I think we shall simply have to try to convince the Americans that they are not doing badly under present regulations and that it would be a mistake to press for further amendment.

I attach copy of a letter[†] from Dave Sim[146] to whom I gave a copy of the note I had given you. Sim will see the representative of the Office of Defence

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[144]Document 1038.
[145]N. A. McLarty, secrétaire d'État./N. A. McLarty, Secretary of State.
[146]Sous-ministre du Revenu national (Douanes et Accise).
Deputy Minister of National Revenue (Customs and Excise).

Transportation if he comes to Ottawa, and is confident he can put up a pretty respectable defence of our dog-in-the-manger position.

**1041.** DEA/48-FS-40

*Mémorandum de l'adjoint spécial en temps de guerre au sous-secrétaire d'État aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Special Wartime Assistant to Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[Ottawa,] August 14, 1944

TRUCKING IN BOND

Meeting between Mr. Sim, Deputy Minister of National Revenue, and Major Keller of O.D.T. and Mr. English, U.S. Embassy. August 14th, 1944.

Major Keller had come to Ottawa to renew the request of the Office of Defense Transportation for a liberalization of the restrictions on the movement of United States trucks across southern Ontario. Major Keller stated that the reasons which led the United States authorities to make this request originally were now stronger than ever. He emphasized particularly the critical situation in truck tires and the great need to save manpower. He said that Colonel Johnson, the new Director of O.D.T. is just as anxious as his predecessor, Mr. Eastman, had been to obtain the savings in transport equipment made possible by a greater use of the shorter truck route across southern Ontario.

Mr. Sim reviewed the development of the movement since its beginning in the autumn of 1942 and pointed out the steady increase in the number of trucks taking advantage of the arrangement. He explained also the liberal attitude that had been taken all along by Canadian officials in administering the regulations. Mr. Sim asked Major Keller whether in view of the continued increase in the movement and its liberal administration he did not agree that virtually everything which O.D.T. could reasonably wish to achieve was not or would not shortly be accomplished without any changes in the existing arrangement. Mr. Sim said there was very little hope of obtaining any alteration in the present provisions. Major Keller replied that if he could have Mr. Sim's assurance that the existing liberal administration of the movement would be continued during the period of wartime necessity O.D.T. would be satisfied and would not ask for any formal change in the arrangement. Mr. Sim went on to say that if O.D.T. wished, in order to save trucks and tires, to direct a greater number of trucks over the Ontario route that no administrative barriers would be put into the way provided of course that the traffic bore a reasonable relation to the furtherance of the war effort. With this understanding Major Keller appeared to be fully satisfied. Mr. Sim made it clear that the present arrangement would remain in effect only during the period of the war and that no commitments or undertakings whatever, expressed or implied, were being made regarding the continuance of the privilege after the war. Major

Keller agreed and said that O.D.T. was not asking for anything beyond the period of the war.

Mr. Sim conducted the discussion in this meeting with much skill and it appears that a satisfactory understanding on this vexed question was reached.

J. D[EUTSCH]

**1042.** DEA/48-FS-40

*Le sous-ministre du Revenue national*
*au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of National Revenue*
*to Under-Secretary of State for External Affairs*

Ottawa, October 29, 1945

Dear Sir,

My Minister, the Hon. Dr. McCann, is continuing to receive representations and delegations appealing for the cancellation of Order in Council P.C. 6129, of the 16th of July, 1942,[1] ordering that for the duration of the present war, war materials in transit from a point or points in the United States of America to another point or points therein, shall be permitted to be entered for transportation in bond through the Province of Ontario by motor vehicles, without payment of duties and taxes, and under such regulations as the Minister of National Revenue may prescribe.

The Department has taken the attitude that although hostitilies ceased on V-J Day it was possible that there might be some dislocation or disturbance to war-time contractors winding up their war-time contracts if the facilities provided by the Order were withdrawn too hastily, but the time is rapidly approaching, if it has not already arrived, when we can no longer hold that goods being moved by motor trucks through the Province of Ontario under the terms of the Order referred to are "war materials".

The Minister has asked me to submit that the time is possibly now opportune for you to take the matter up with the State Department with a view to reaching an agreement that the practice established by the Order in Council referred to be discontinued.

You will have observed that questions have appeared on the Order paper in the House of Commons, and it is becoming increasingly difficult to justify any further delay or joint consideration by the two Governments.

Yours faithfully,

DAVID SIM

**1043.** DEA/48-FS-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures, au sous-ministre du Revenu national*

*Acting Under-Secretary of State for External Affairs to Deputy Minister of National Revenue*

Ottawa, November 6, 1945

Dear Mr. Sim,

With reference to your letter of October 29th, concerning the operation of Order in Council P.C. 6129 of July 16th, 1942,[†] which authorized the trucking in bond of war materials across Canadian territory. As you are aware, this Department has received repeated representations[†] from the United States Government in favour of the extension of the wartime procedure to cover the peacetime movement of traffic. I feel that before a final decision is taken, it is in the interests of our harmonious relations with the United States Government that they should be afforded another opportunity of stating their case to representatives of the Canadian government. I have therefore suggested to the United States Ambassador that he propose to his Government that they should send qualified officials to Ottawa for this purpose. Mr. Atherton has agreed to propose this to the Department of State. He has suggested that an appropriate date for such a meeting would be in perhaps three weeks' time.

I hope that this procedure will be agreeable to your Minister. It seems to me to be the most effective way of carrying out his suggestion, which you passed on to me in the third paragraph of your letter. I should add that I have made it clear to Mr. Atherton that the existing Order will, in any event, have to be revoked in view of its reference to war materials.

Yours sincerely,

H. H. WRONG

**1044.** DEA/48-FS-40

*Procès-verbal d'une réunion entre des représentants du Canada et des États-Unis*

*Minutes of Meeting between Representatives of Canada and United States*

[Ottawa,] December 22, 1945

MEETING ON SIMPLIFICATION OF CUSTOMS PROCEDURE AT THE BORDER HELD IN OTTAWA DECEMBER 17-19, 1945

Meetings were held in Ottawa on December 17, 18, and 19, 1945, between representatives of Canada and the United States to discuss simplification of customs procedure at the border with particular reference to the problem of transportation by truck in bond through southern Ontario.

*Present:*
*United States Delegation:*
His Excellency, The Hon. Ray Atherton
W. R. Johnson, Commissioner of Customs
J. G. Parsons, British Comm. Div., State Dept., Washington, D.C.
Constant Southworth, Division of Commercial Policy, State Dept.
Thomas R. Wilson, Chief, British Empire Unit, Department of Commerce, Washington, D.C.
Lewis Clark, Counselor of Embassy, Ottawa
Homer S. Fox, Commercial Attaché, Ottawa
Oliver B. North, Assistant Commercial Attaché, Ottawa
Robert W. Rinden, Second Secretary, American Embassy
Edward A. Dow, Second Secretary, American Embassy
*Canadian Delegation:*
N. A. Robertson, External Affairs
H. H. Wrong, External Affairs
R. M. Macdonnell, External Affairs
S. D. Pierce, External Affairs
R. A. J. Phillips, External Affairs
D. Sim, National Revenue
P. L. Young, National Revenue
G. N. Bunker, National Revenue
G. B. Urquhart, National Revenue
H. B. McKinnon, Finance
W. F. Bull, Trade and Commerce

Place: Room 123, East Block

MR. WRONG acted as Chairman on December 17 and MR. ROBERTSON took the chair on the two following days.

*December 17*

MR. WRONG welcomed the U.S. delegation and Mr. Atherton replied.

MR. PARSONS outlined the problem facing the meeting, particularly in relation to the question of trucking in bond. In voicing the gratitude of the U.S. for the arrangement made by Canada in P.C. 6129[1] during the war, he pointed out that advantages to Canada would accrue if the practice of trucking in bond were continued in peacetime. He listed revenue, in United States dollars, which would be gained by Canada in purchases of gas and food, and in the hire of drivers and maintenance services. Referring to the "Proposals for the Expansion of World Trade and Employment,"[147] he suggested that the problem of trucking in bond should be considered not *in vacuo*, but "in the light of bold and expansive steps to the development of world trade."

MR. JOHNSON stated that the principle of trucking in bond was settled by the United States many years ago. Although a higher bond was set for trucks than rail traffic and although more careful investigation was required in the case of trucking, he stated that trucking in bond had never created any serious administrative difficulties.

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[147]Voir États-Unis./See United States, *Department of State Bulletin*, Volume 13, December 9, 1945, pp. 912-29.

MR. SIM, pointing to the number of administrative details in customs procedure which could profitably be co-ordinated by the United States and Canada, urged the discussion of common problems by customs authorities of the two countries at regular intervals. In the matter of trucking in bond MR. SIM stated that no administrative difficulties had been encountered during the war. He pointed out that P.C. 6129 emphasized both the "duration of the present war" and "war materials".

MR. MACDONNELL stated that trucking in bond is a problem of policy. In view of the undertakings given by Cabinet Ministers and officials of the Canadian Government at the time of the enactment of P.C. 6129, the extension of the practice into peacetime would require serious consideration by the government. He felt that the best hope of solution lay in treating this problem as one aspect of the general lowering of trade barriers which will be considered in the coming year. MR. MACDONNELL observed that in Canada there was strong opposition from some quarters to the practice of trucking in bond, while there was no counter-balancing support for the practice. This made it extremely difficult for the government to take the action desired by the United States representatives.

TO MR. SIM'S inquiry as to the effects of prohibiting trucking in bond for a few months, MR. PARSONS answered that there would be many administrative difficulties. He also suggested the likelihood of greater difficulties in resuming the practice, once ceased, than the continuation of a procedure still in effect.

It was agreed that before the next meeting, MR. JOHNSON and MR. SIM should meet to discuss those administrative matters of mutual interest concerning customs which might profitably be revised and coordinated.

*December 18*

Reporting on his talks with MR. JOHNSON on the following day, MR. SIM stated that Canadian and United States customs procedures, while differing in detail, did not differ substantially in principle. He reiterated his belief in the benefit to be derived from discussions at frequent intervals.

MR. ROBERTSON observed that the talks between MR. SIM and MR. JOHNSON had not revealed sufficient differences in customs procedure to provide a framework for an agreement on trucking in bond. Although it was suggested that the question of trucking in bond be discussed in the multilateral trade talks in the spring of 1946, MR. ROBERTSON felt that the matter could be more profitably approached bilaterally. He suggested the appointment of a joint body similar in form to the Joint Economic Committees, which would study steps to eliminate frontier difficulties "from Skagway to Maine." Questions of practical convenience to the traveller could be referred to such a committee, which would also consider problems not previously fully examined. The proposed committee would confine itself to matters of administration and would not deal with the protective aspect of customs.

It was agreed that a sub-committee of eight would discuss, before the next day's meeting, those problems which could profitably be examined by the proposed joint committee on customs procedure.

*December 19*

MR. MACDONNELL, who acted as chairman of the subcommittee, reported that there had been drawn up a list of subjects including movements by highway, rail, and air, which could profitably be referred to the proposed joint committee. The subject headings discussed are given in Annex "A".

MR. PARSONS submitted a draft press release† which, after some discussion and general approval, was given to a sub-committee for final revision.

MR. WILSON enumerated administrative difficulties which would result from the temporary prohibition of trucking in bond. Among these were the necessity of rerouting, of changing schedules, of using more vehicles and hiring more men for an interim period.

Members of both delegations expressed their appreciation of the difficulties involved in the reversal of policy which would be required by the extension of trucking in bond privileges into peacetime, and it was recognized that these privileges would have to lapse at the end of the year. It was agreed that the joint committee on customs procedures should, with the approval of both governments concerned, meet at an early date in the new year to formulate recommendations on trucking in bond and other customs problems.

There is attached as Annex "B" the press release issued on December 21.† An identical statement was given out in Washington at the same time. In this way the two governments recorded their approval of the recommendation that a Joint Committee be set up.

[PIÈCE JOINTE/ENCLOSURE]

*Annexe A*

*Annex A*

[Ottawa,] December 27, 1945

Subjects discussed on December 19th by a Sub-Committee and considered suitable for reference to the proposed Joint Committee on the simplification of Customs procedures.

1. AIR

(a) Joint use of airports near the border, both for traffic and non-traffic purposes.

(b) Special facilities for aircraft used for pleasure purposes only.

(c) Documentation of tourists' purchases to be forwarded in transit for export by air.

(d) Use of airports for repairing and testing foreign aircraft.

(e) Stationing of customs officers of the other country at airports of embarkation.

2. HIGHWAY

(a) Simplication of documentation in respect of periodic or seasonal in transit for export movements of foreign motor cars, trucks and buses with or without goods or passengers.

(b) Disposal or temporary storage of goods brought into country by a tourist resident of the other country which are not articles of commerce but are ascertained to be conditionally prohibited or restricted; consideration to include possibility of temporary storage for limited period pending later pick up for export rather than immediate forfeiture or disposal if goods not returned at once.

(c) Improved facilities for entry of trucks at Canadian border ports.

(d) Entry at interior points in Canada.

3. RAIL

(a) Examination of documentation for In Transit for export movements of goods by rail without examination under seal to ascertain whether one set of documents suitable for both countries may be used instead of two sets.

(b) American goods returned — Possible simplification of documentation to establish freedom from U.S. duty on return in respect of goods which have not left Customs or carrier custody while in Canada.

4. ADMINISTRATIVE PRACTICES

(a) Closer collaboration on such questions as opening of new offices and hours of work.

(b) Cooperation in dealing with emergency conditions.

## SECTION F

### RÈGLEMENTS FINANCIERS
### FINANCIAL SETTLEMENTS

**1045.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

[Ottawa,] March 8, 1944

MOST SECRET

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CANADA-U.S. FINANCIAL RELATIONS

13. THE MINISTER AND DEPUTY MINISTER OF FINANCE with reference to discussions at the meeting of December 1st,[148] reported upon recent conversations in Washington with the U.S. Secretary of the Treasury and the Assistant to the Secretary (Mr. Harry White).

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[148]Voir le volume 9, document 1073./See Volume 9, Document 1073.

At December 31, 1943, Canada's holdings of U.S. dollars had been approximately $650 millions, $300 millions above the limit established in the Canada-U.S. exchange agreement.[149] These holdings continued to increase and it was estimated that they totalled $750 millions at the end of February, 1944.

In view of the excess balances built up during the period of the agreement, the United States had advanced certain suggestions for reduction of these balances, on the understanding that, if these suggestions were accepted, Canada would henceforth be free to retain all U.S. dollar balances accumulated. It was informally understood that the agreement could be considered terminated as of December 31st, 1943.

The suggestions put forward were: reimbursement to the United States for Canex[150] deliveries; the assumption by Canada of subsidy payments included in the contract price for the production of metals in certain marginal mines; the subsidies paid or payable to Falconbridge Nickel Mines Limited by the United States for certain capital extensions; cancellation of the present arrangements under which Canada purchases nickel from New Caledonia and sells it to the United States; reimbursements to the United States for airfield construction in Northwest Canada; termination of the arrangements whereby United States supplies crude oil to the United Kingdom on Lend-Lease for use in the Air Training Plan; taking over the contract of the U.S. Navy Department for the production of PBY aircraft in Canada including the reimbursement of amounts already paid on this contract by the U.S. Navy; and the assumption of certain U.S. War Department contracts placed in Canada.

The proposed arrangements would reduce Canada's holdings of U.S. dollars by $155 millions.

(Memorandum, Department of Finance, dated March 7, 1944).[1]

Subsequently, the U.S. Secretary of the Treasury had suggested that Canada reimburse the United States for airfield construction in Northeast Canada, for certain railhead expenses at Dawson Creek, and for part of the cost of construction of telephone communications in the Northwest, at a total estimated cost of $42,800,000.

14. THE MINISTER OF MUNITIONS AND SUPPLY felt that the U.S. suggestions for repayment for their expenditures at Dawson Creek and for construction of airfields in Northeast Canada (Crimson Route) should be resisted. The Dawson Creek terminal facilities were part of the Alaska Highway; the Crimson Route bases were entirely without postwar value and had been constructed by the United States against the unanimous advice of Canadian authorities.

15. THE MINISTER OF NATIONAL DEFENCE referred to current discussions with the United States regarding disposition of the Canol project[151] and suggested the desirability of making a comprehensive settlement with the

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[149]Voir le volume 9, documents 1150-8./See Volume 9, Documents 1150-8.

[150]Voir/See R. W. James, *Wartime Economic Co-operation: A Study of Relations Between Canada and the United States*. Toronto, Ryerson Press, 1949, pp. 33-5.

[151]Voir le document 904./See Document 904.

United States which would cover outstanding problems connected with the disposition of all U.S. defence construction in Canada and the general financial position.

16. THE WAR COMMITTEE, after further discussion, agreed that a special meeting be held at 11:00 a.m. on March 10th for consideration of the whole financial position in relation to U.S. defence expenditures in Canada; that meantime the special sub-Committee on Canol meet to consider the present position of discussions with the United States.

**1046.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*

*Extract from Minutes of Cabinet War Committee*

MOST SECRET Ottawa, March 10, 1944

. . .

CANADA-U.S. FINANCIAL ARRANGEMENTS

3. THE PRIME MINISTER, referring to the discussion at the previous meeting (March 8th), drew attention to the difficulties involved in accepting certain of the U.S. Treasury's proposals for settlement of the present exchange problem.

It should be borne in mind that these proposals were based in large part on U.S. political considerations. It was the duty of the government to ensure that any agreed upon settlement was defensible in Canada's own national interest.

4. THE MINISTER OF MINES AND RESOURCES mentioned the difficulties encountered in connection with Canol and urged that any settlement of the financial question, under discussion, should include final disposition of all U.S. defence expenditures in Canada, particularly Canol and the Alaska Highway, each of which offered some degree of continuing benefit to Canada. If the settlement were not all-inclusive, the United States would continue to raise similar questions, in the future, to meet their own political pressures.

5. THE MINISTER OF MUNITIONS AND SUPPLY suggested that once the existing exchange arrangement with the U.S. Treasury were satisfactorily terminated, the government would be in a better position to meet subsequent demands in relation to Canol and the Alaska Highway. Further, it would certainly be preferable to avoid payment for the Crimson project and for the terminal facilities at Dawson Creek. It might be suggested that Canada assume full financial responsibility for construction at Goose Bay.

In any event the exchange agreement should be brought to an end as quickly and upon as favourable terms as possible, and the Minister and Deputy Minister of Finance should be given full authority to make as good a deal as they could.

6. THE MINISTER OF NATIONAL DEFENCE was of the opinion that while the government was bound to recognize the obligation to reduce Canadian holdings of U.S. dollars, in accordance with the agreement, freedom of action should be

retained as to the methods by which reductions were to be achieved. The U.S. government should take into consideration the special situation created by extensive sales to the United States of Canadian wheat and Canadian securities.

7. THE MINISTER AND DEPUTY MINISTER OF FINANCE drew attention to the history of the agreement with the U.S. Treasury. At a time when Canada had been confronted with a serious shortage of U.S. dollars, the United States had agreed to ensure that Canadian holdings would not fall below $300 millions; in return, Canada had agreed not to accumulate U.S. dollars beyond a maximum of $350 millions. As a result, a large number of U.S. contracts, which would not otherwise have been placed in Canada, had been obtained. Subsequently, for reasons already explained, Canada's holdings of U.S. dollars had risen, by the end of 1943, far beyond the agreed maximum. U.S. authorities now took the view that Canadian balances should be substantially reduced if the agreement was to be terminated satisfactorily.

In the circumstances, the U.S. proposals would probably have to be accepted, with such modifications as could be obtained. We should attempt to avoid payment for the Crimson project and for construction at Dawson Creek. In place of these we might offer to pay the whole cost of the telephone lines between Edmonton and Fairbanks, to assume full financial responsibility for construction at Goose Bay, at the same time urging special consideration in relation to an increase in the price of tanks being purchased for Canadian forces.

8. THE MINISTER OF NATIONAL DEFENCE FOR AIR referred to additional construction on the Northwest Staging Route requested by the U.S. authorities, totalling some $6 millions,[152] suggesting that Canada might assume responsibility for these costs as part of a general settlement.

9. THE WAR COMMITTEE after further discussion, agreed that the Minister and Deputy Minister of Finance proceed to Washington with a view to effecting, as soon as possible, in the light of the discussion, a final settlement with the U.S. Treasury and the termination, upon satisfactory terms, of the 1943 exchange agreement, it being understood specifically:

(a) that they would propose, to be included in the settlement, payment by Canada for telephone lines from Edmonton to Fairbanks, expenditures at Goose Bay, and expenditures for proposed additional construction on the Northwest Staging Route;

(b) that they should seek to avoid including in the settlement payment by Canada for the Crimson Route air bases and terminal facilities at Dawson Creek; and

(c) that they should not, at this time, introduce the matter of U.S. expenditures upon Canol and the Alaska Highway.

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[152]Voir le document 876./See Document 876.

*Note:*

In this connection, it was understood that, in selecting the items to be included in the settlement, the Canadian representatives should seek the necessary reduction by inclusion of such as would be of the greatest value to Canada, rather than accepting such items as were of embarrassment to the United States.

**1047.** PCO

*Extrait du procès-verbal du Comité de guerre du Cabinet*
*Extract from Minutes of Cabinet War Committee*

MOST SECRET [Ottawa,] March 22, 1944

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CANADA-U.S. FINANCIAL RELATIONS

3. THE DEPUTY MINISTER OF FINANCE reported, in some detail, the results of discussions in Washington between the Minister of Finance and himself on the one hand, and Secretary Morgenthau and U.S. Treasury officials, on the other.

In order to reach a settlement, it had been necessary to agree that Canada should pay for the Northeast airfields (Crimson route), the airfield at Mingan, all of the permanent air base construction at Goose Bay, and the telephone lines on the Northwest Staging Route between Edmonton and the Alaska border. On the other hand, it had been possible to eliminate certain objectionable features included in earlier proposals, notably U.S. government obligations in respect of Falconbridge Nickel and terminal facilities at Dawson Creek.

As a result of the agreement eventually reached, Canadian U.S. dollar balances would be reduced by $295 to $300 millions. A substantial portion of this total would be accounted for by payments arranged for U.S. tanks for the Canadian Army overseas. The maximum-minimum agreement was to be brought to an end by an exchange of letters between the Minister of Finance and the U.S. Secretary of the Treasury. An agreed schedule would set out the detailed items to which consent had been given in the discussions.

Subsequently, it was intended to relax Canadian travel restrictions and the operation of the War Exchange Conservation Act.

(Draft letters, Minister of Finance to Secretary of U.S. Treasury and reply; also draft schedule.[153]

4. THE WAR COMMITTEE, after discussion, noted with approval the arrangements made and procedure proposed by the Minister of Finance, and reported by the Deputy Minister.

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[153]Pour les lettres et la liste telles qu'envoyées, voir les documents 1048-50.
For the letters and the schedule as sent, see Documents 1048-50.

**1048.** DF/Vol.3972

*Le ministre des Finances au secrétaire du trésor des États-Unis*
*Minister of Finance to Secretary of Treasury of United States*

Ottawa, March 24, 1944

Dear Mr. Morgenthau:

During the last few weeks discussions between yourself and myself and our officials have been taking place on the subject of Canada's holdings of United States dollar exchange.

Last year, in keeping with the principles and the spirit of the Hyde Park Declaration, we had reached an understanding to the effect that the United States would follow a program of procurement of war supplies such as to prevent our holdings of gold and U.S. dollar balances from falling below an agreed minimum and that Canada would take appropriate action if our holdings of these reserves tended to rise above an agreed maximum.

Unanticipated developments during 1943 served to increase our available supply of U.S. exchange beyond expectation. We have therefore now agreed upon a program intended to reduce our balances to the agreed range and, in accordance with our recent conversations, we undertake to put this program into effect as quickly as practicable.

Accordingly, in view of this agreement there is no further need for the continuance of last year's arrangement and Canada and the United States are mutually released from the obligations assumed under such arrangement. As applied to Canada this means that Canada will be free to maintain, build up, or deal with its reserves as it sees fit.

If the above is in accordance with your understanding of the agreement which has been arrived at, I should be glad to have your confirmation.

May I express my appreciation of the understanding of our position which you have always shown and of the spirit of co-operation and good-will which you have manifested in seeking to achieve the objectives of the Hyde Park Declaration[154] and in the conduct of our recent negotiations.

Yours sincerely,

J. L. ILSLEY

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[154]Volume 8, document 191./Volume 8, Document 191.

**1049.** DF/Vol. 3972

*Mémorandum du ministère des Finances*
*Memorandum by Department of Finance*

SECRET [Ottawa, n.d.]

SCHEDULE COVERING AGREED PROGRAM REFERRED TO IN LETTER
FROM
HON. J. L. ILSLEY, CANADIAN MINISTER OF FINANCE,
TO
HON. HENRY L. MORGENTHAU, SECRETARY OF THE U. S. TREASURY
DATED MARCH 24, 1944

A. *Measures Which Will Reduce Canada's Holdings of U.S. Dollar Balances*

| | Estimated Amount (Millions of Dollars) |
|---|---|
| 1. Payment to F.E.A. for imports of war supplies under Canex Requisitions | 38.8 |
| 2. Payment to Metals Reserve Company to recoup capital advances and price subsidies made by that Company for development of certain marginal metal mining properties in Canada under the terms of an agreement with War Supplies Limited | 3.2 |
| 3. Payment for costs incurred by U.S. Army in connection with construction of permanent improvements to following airfields in Canada: | |
| (a) Airfields on the Northwest Staging Route, landing strips along the Canol Pipe Line and other airfields, landing strips and permanent air route facilities constructed by U.S. in Northwest Canada | 33.3 |
| (b) Airfields on the Crimson Route in Central Northeast Canada | 30.0 |
| (c) Airfield at Mingan, Quebec | 4.2 |
| 4. Payment for costs incurred by U.S. army for construction of that part of the telephone line from Edmonton to Fairbanks which is in Canadian territory | 9.3 |
| 5. Reimbursement for progress payments made by U.S. Navy for production of PB2B1 aircraft | 22.0 |
| 6. Payment in U.S. dollars for U.S. tanks purchased in the United Kingdom for use of the Canadian Army in Europe | 140.0 |

| | |
|---|---|
| 7. Further payment on account in respect of imports under Canpay requisitions[155] | 20.0 |
| | 300.8 |

B. *Measures Which Will Reduce Canada's Future Receipts of U.S. Dollars*

| | Estimated Amount (Millions of Dollars) |
|---|---|
| 1. Amendment of U.S. Navy contract for PB2B1 aircraft so as to provide for assumption by Canada of financial responsibility to Boeing Aircraft of Canada Limited | 41.0 |
| 2. Assumption by Canada of expenditure incurred on U.S. account for construction of permanent improvements to airfields in Canada and at Goose Bay, Labrador (including newly projected $6 million program and contracts not yet completed on Northwest Staging Route) | 42.1 |
| 3. Assumption by Canada of refining and distribution costs of gasoline used to meet British commitment in connection with Air Training Plan in Canada | 15.0 (annually) |
| 4. Elimination of Canadian participation contracts for purchase of New Caledonia nickel | 2.5 (annually) |
| 5. Contracts between War or Navy Department and War Supplies Limited terminated and/or cancelled after December 1, 1943, or to be terminated and/or cancelled. Undelivered value as estimated by Canadian Department of Munitions and Supply: | 91.0 |
| WSL 72-722 6 pdr. APC BC | |
| WSL 72-888 AS — 48 cable | |
| WSL 72-659 link spares | |
| WSL 72-450 fuel pumps | |
| WSL 72-157 propeller assemblies | |
| WSL 72-377 link trainers | |
| WSL 72-458 20 mm discs | |
| WSL 72-796 pump assemblies | |
| WSL 72-821 wobble pumps | |
| WSL 72-240, 740 & 743 Range finders (other than U.S. type) | |
| WSL 72-169 75 mm shells H.E. | |
| WSL 72-812 40 mm rounds | |
| WSL 72-391 powder propellant | |
| WSL 72-216, 643, 217 & 265 .303 ammunition | |
| WSL 72-284 Algerine minesweepers | |

[155]Voir/See R. W. James, *Wartime Co-operation: A Study of Relations Between Canada and the United States*, pp. 32-4.

WSL 72-204 & 205 (old and new contracts)
Cornell aircraft and spares
WSL 72-263 & 921 (old and new contracts)
Harvard aircraft and spares

191.6

**1050.** DF/Vol. 3972

*Le secrétaire du trésor des États-Unis au ministre des Finances*
*Secretary of Treasury of United States to Minister of Finance*

Washington, March 29, 1944

Dear Mr. Ilsley,

Receipt is acknowledged of your letter of March 24, 1944, regarding Canada's holdings of United States dollar exchange. The views expressed in your letter are in accordance with our understanding of the agreement we have reached.

The atmosphere of cooperation and understanding in which these arrangements have been conducted is, for me, a source of genuine satisfaction.

Sincerely,

H. MORGENTHAU JR.

**1051.** DF/Vol. 3991

*Le gouverneur de la Banque du Canada au ministre des Finances*
*Governor of the Bank of Canada to Minister of Finance*

CONFIDENTIAL Ottawa, June 19, 1945

Dear Mr. Ilsley,

As you are aware, there have been certain discussions between officials of your Department and representatives of the U.K. Treasury on the subject of equipment and supplies of Lend-Lease origin obtained by our Forces overseas from the British. The British feel that their arrangement with the United States commits them to report such transfers to the U.S. Government. They have received requests from the United States for information of this kind in respect to Canada, but have so far not been in a position to furnish it.

Lord Keynes in his communication of January 19th, 1945,[1] deals very fully with the problem. It appears that it may be possible clearly to establish the value of certain items furnished as initial equipment, but that run-of-the-mine deliveries of replacement equipment and general supplies are very difficult to trace. In these circumstances, the U.K. suggests that the practical thing would be to estimate the proportion of supplies of Lend-Lease origin contained in their total deliveries to us. On this basis, they arrive at an estimate of our

liability to the U.S. of $250 millions U.S. funds as at June 30, 1945, in addition to any liability not yet settled in respect of initial equipment.

While estimates of this kind may be acceptable to the parties concerned for the purpose of dividing up Lend-Lease deliveries as a matter of record (as, for example, between U.K. and Australia) they are certainly not satisfactory as a basis for Canadian parliamentary appropriations and cash payments to the Americans. As you know, military equipment of any kind which our forces in Europe received from the British was not paid for or accounted for on the basis of individual items and types. The practice has been to agree on a capitation rate, that is, a standard sum per head, applied to the total number of Canadians overseas in the service in question. This rate is intended to cover in a broad way the cost of equipment and supplies of all kinds (other than initial equipment), but it remains constant over a long period of time and does not at any particular time or with respect to any particular flow of equipment represent an exact appraisal of the value of the equipment. No accounting records are kept of individual types and items of equipment, no distinction is made between the various items according to their country of origin, and there would be no verifiable basis for an estimate of the value of equipment received by Canada from the British Army, Navy or Air Force which had originally been obtained by the United Kingdom from the United States on Lend-Lease.

Quite apart from the difficulties which there may be in arriving at a proper figure, I believe that it is completely wrong in principle for us to assume the responsibility for each payment to the United States for equipment and supplies we receive from the British. Our Army, Navy and Air Force have been inextricably mixed up with the British in the battle of Europe. It has been absolutely essential that equipment and supplies should be inter-changeable. We have given the British a vast amount of things of a character which we were best equipped to supply. They have reciprocated in part to the extent of their capacity, and a very large deficit has been covered by Mutual Aid. It could be argued that if we had chosen to devote sufficient time and labour to the job, we could have supplied ourselves with all the things of Lend-Lease origin which we have received from the British. However, it was obviously against the Allied interest for us to do so, and we therefore arranged certain "swaps", of equipment and supplies.

Looking at the problem from another angle, it seems to me wrong that two countries, both of which have been supplying other countries on a vast scale free of charge, should endeavour to obtain cash settlements one from the other in respect of equipment and supplies which third countries may have inter-changed with them, practically speaking on the field of battle. It therefore seems to me that we should approach the U.S. Administration and endeavour to secure their agreement to the principle that neither of our two countries will endeavour to hold the other responsible for military equipment and supplies obtained from third countries in the course of military operations. I should add that it is a principle from which we have departed, for special reasons, in making payment to the United States for Sherman tanks which we obtained from the United Kingdom as initial equipment for our troops in Italy. (At the

same time, we turned over our Ram tanks to the British and have not yet agreed with them as to what settlement, if any, should be made on this account.) However, I do not suggest that we should endeavour to have this transaction reversed. I am not by any means familiar with all the ramifications of our arrangements, and it may be that Mr. Bryce will point out other complications. However that may be, I do not believe that it is too late for us to change our attitude.

In approaching the United States in the sense suggested, Canada is not, in my opinion, trying to get off lightly. Our strong current cash position in gold and U.S. dollars might lead the Americans to believe that we have done very well. In fact, however, our strong position is based on borrowing from the United States or realizing on U. S. assets which we held at the beginning of the war. Our net indebtedness to the United States, after allowing for our gold and U.S. dollar holdings, is certainly some hundreds of millions of dollars larger, and perhaps $500 million larger than it was at the beginning of the war. Our total net debt to the United States is now extremely formidable, and further increases of any magnitude must be regarded with apprehension.

Another matter of serious importance as affecting our foreign exchange position is that of direct purchases of U. S. equipment for the Canadian Army or Air Force engaged in the Pacific war. I think that there should be an opportunity of examining the financial implications of such arrangements before we become irrevocably committed. Obviously, the first consideration must continue to be the supplying of our Forces with the type of equipment which is best suited to their needs. But if the U.S. dollar liability involved is very large, I think that the financial aspects of the matter must be discussed with the United States. If the cost of specific war equipment will not exceed an amount which we can manage to pay without materially increasing our debt to the United States, I believe we should make payment. If, on the other hand, cash payment would involve a serious increase in debt, then we should try to arrange a loan of the major items of initial equipment, as well as replacements and supplies in the field, but not on the basis of Lend-Lease.

At first blush, this may sound like a proposition which the Americans would not accept, but a firm attitude on our part might produce the desired results, particularly as the only items I have in mind are fighting equipment for the Pacific war. Our Army is required to operate as an integral part of the U.S. Army. We are not able, and would not be permitted by the United States, to develop our own supply lines and bases, and the United States will not handle our types of equipment. We have no option, therefore, but to use American equipment. Most of our war industry was developed to produce Canadian and British types. We can obtain the necessary equipment and supplies for our Forces for the Pacific war only from the United States as part of the equipment and supplies furnished by the United States to its own Forces. If the United States is not making sufficient purchases in Canada to provide us with U. S. dollars so that we in turn can buy this American equipment, we should not be expected to pay cash to them. But neither should we accept the necessary equipment on Lend-Lease terms. The equipment can be regarded as

belonging from first to last to the United States Army, and made available to Canadian units fighting as integral units of the United States Army. When the fighting ends, the unused equipment and supplies will remain in the possession of the United States Army.

Whether it will be necessary to adopt this position depends on the total amounts involved on both sides. It would be desirable to obtain a good estimate of possible U. S. dollar costs of the Army and Air Force in connection with the Pacific war. We should then have to consider these amounts in the light of our prospective sales of war supplies to the United States and of our total prospective balance of payments with the United States on current account.

I think it is important that the Lend-Lease question discussed in the earlier part of this letter should be raised with the U.S. Government as soon as possible. We shall probably not have sufficient information on the Pacific war question to raise it definitively at the same time, but it would, I think, be advisable to mention it informally so that we should not later be thought to have held something back.

Yours sincerely,

G. F. TOWERS

**1052.** DF/Vol. 3991

*Mémorandum du ministère des Finances*

*Memorandum by Department of Finance*

[Ottawa,] June 29, 1945

RE: MEETING ON JUNE 29, 1945, RE: LEND-LEASE SETTLEMENTS

A brief meeting was held in Mr. Ilsley's office on June 29th to discuss the proposed course of action in approaching the United States regarding the amounts and means of settlement for Lend-Lease supplies acquired by the Canadian forces overseas from the U.K. Those present included Mr. Ilsley, Dr. Mackintosh, Mr. Towers, Mr. Ross,[156] A/C Murray,[157] W/C Ryrie,[158] Mr. McIntyre,[159] Mr. Allen (Financial Superintendent Air Force), Mr. Rasminsky, Mr. Coyne and myself.

The meeting was opened by a brief statement by me outlining the nature of the problem and the background of earlier negotiations with the U.K. and attempts to estimate the amounts involved. Mr. Towers then spoke at some length, arguing for a solution along the lines proposed in the draft message,† which had been distributed two days prior to the meeting. Mr. Ross, A/C

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[156]A. D. Ross, sous-ministre de la Défense nationale (Armée).
A. D. Ross, Deputy Minister of National Defence (Army).

[157]Commodore de l'air J. M. Murray, directeur des comptes et des finances, CARC.
A/C J. M. Murray, Director of Accounts and Finance, RCAF.

[158]Lieutenant colonel G. Ryrie, Directorat des comptes et des finances, CARC.
Wing Commander G. Ryrie, Directorate of Accounts and Finance, RCAF.

[159]B. G. McIntyre, contrôleur du Trésor.
B. G. McIntyre, Controller of the Treasury.

Murray and W/C Ryrie gave some information regarding the manner in which the proposed course of action related to the types of transfers that were involved in their Departments, but none of the comments suggested that we should not take this action or that the broad lines of argument are inconsistent with the facts. There was some discussion about the applicability of the argument to initial equipment for the Army and capital equipment for the Air Force. It was recognized that an exception had to be made in respect of the initial equipment of tanks, for which payment had already been made to the U.S. Mr. McIntyre made a number of comments in the light of his discussions in Washington regarding the prices and means of settling for the tanks obtained as initial equipment. He emphasized, amongst other points (before Mr. Ilsley came in), that in most cases the profits of renegotiation of contracts go to the Treasury rather than to the contracting Department in the U.S., and that consequently the advantages of renegotiation cannot be reflected in the charges made for individual items on Lend-Lease or otherwise. Apparently only where the renegotiation affects only one contract under which production is currently taking place does the change in price redound to the benefit of the contracting Department and result in a change in the prices quoted.

Mr. Ilsley raised a number of questions as to how the suggested course of action would appear from the American point of view. Mr. Towers and I both endeavoured to point out that these possible American charges could be met quite reasonably.

Mr. Towers, in answer to a question, suggested that if the Americans were reluctant to accept the course of action suggested, Canada should be prepared to take a fairly strong attitude on this, believing that the course proposed is a just and reasonable one.

It was noted that Mr. Robertson would be going to Washington to see Mr. Clayton about other matters on July 9th, and it was hoped that he could take up this matter at that time. (This will require fast action to obtain clearance from Cabinet here and make any necessary drafting changes. It will also require fast clearance with the U.K.) It was also suggested and agreed that Mr. Pearson should be given an opportunity at the earliest possible time to see a draft of this suggested memorandum and make any comments or suggestions he can about it.

In regard to the substance of the message, it was noted by Mr. Bryce that some alteration would have to be made in the third paragraph to take into account the records that are available in regard to the transfer of aircraft. Mr. Towers suggested that it would be well to review the last two lines of the message and if possible make such alterations as would enable Canada to obtain some American equipment for its forces operating with American forces in the Pacific without necessarily having to purchase it. Mr. Ross in this connection said that he had been endeavouring to make arrangements with the War Department under which Canada would not purchase any initial equipment for its Pacific forces, but would pay for equipment which it consumed, lost or destroyed in operations. He said he had already put forward a proposal of this kind to the Americans and was awaiting their answer on it.

There was also a brief discussion as to the possible magnitude of U.S. dollar costs in the Pacific operations. Some figures were given of anticipated R.C.A.F. requirements of U.S. type equipment which it was expected would be obtained through the R.A.F. on Lend-Lease as heretofore. Mr. Ross thought the costs for U.S. equipment for the Canadian army forces operating with the U.S. would not exceed $100 million a year for maintenance at its maximum rate. His inference is that it would be substantially short of this figure. This maintenance cost would not reach a maximum rate of this magnitude until late in the current fiscal year, and the costs for this fiscal year would be very much less. In addition there would be U.S. dollars required for pay of these Canadian forces, particularly when they were in training in the U.S. In this general connection Mr. Towers felt that Canada might be able to stand these U.S. costs if they did not exceed a reasonable figure, he mentioned one of, say, $150 m. or $160 m. a year, but it would be quite a different matter if they should run at, say, $500 m. a year.

It was left that I would make some changes in the draft message, endeavouring if possible to meet the points raised by Mr. Towers, and that we would then attempt to get agreement on it in time to have Mr. Robertson present it to Mr. Clayton on the 9th of July. Unfortunately I did not think to raise the question of clearing this with the U.K.

R. B. B[RYCE]

**1053.** DEA/1749-F-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-2448 Ottawa, July 3, 1945

IMPORTANT. SECRET. Following for the Ambassador from Wrong.

Annex 1 below gives the text of a letter dated today addressed to me by the Acting Deputy Minister of Finance. Annex 2 is the draft of the message to the United States Government which is referred to in this letter. These documents are self-explanatory for the most part and I need supplement them only by the following comments:—

(1) It is a matter of substantial importance that we should do our best to reach agreement with the United States along the lines proposed in the draft message. Should the United States Government press a claim for reimbursement, the amount would probably be very considerable although no estimate can now be made. Furthermore, the process of negotiating such a claim would be very troublesome and probably protracted.

(2) The United Kingdom Government is somewhat embarrassed by their inability to answer the various enquiries from United States officials over a considerable period which are referred to in the last paragraph of Dr. Mackintosh's letter.

(3) What we would wish to receive from you at this stage is advice on the substance and form of the draft message and on the manner in which it can most effectively be presented. Perhaps it should be presented formally to Mr. Clayton (if we are ready to do so before he leaves for Europe) and at the same time, a copy should be given to Mr. Oscar Cox.

(4) Would you consider also one minor point? This is whether the last 3 or 4 lines add in your view substantially to the strength of the argument. These imply that we shall continue to give full value for all war supplies required by our forces during the Pacific War, and thus could be regarded as constituting an apparent commitment which would be uncertain both as to duration and as to the amounts involved.

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Le sous-ministre par intérim des Finances*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Acting Deputy Minister of Finance*
*to Associate Under-Secretary of State for External Affairs*

Ottawa, July 3, 1945

Dear Mr. Wrong:

I am sending you enclosed herewith a suggested draft message to the United States Government on Lend-Lease supplies received by Canadian forces from the United Kingdom. I believe Mr. Bryce explained the nature and purpose of this message to you on Saturday last. It concerns a matter of the highest importance from the point of view of our financial and economic relations with the United States. It is hoped that, following its approval by the Government, this message, or an improved version of it, can be delivered to the United States Government within the next two weeks.

As Mr. Bryce explained to you, we should appreciate it if you could send this message by teletype to Mr. Pearson in Washington for his comments and suggestions regarding the substance of it, its form, and the manner in which it should be presented to the United States Government. It has been our thought that it should be presented as carefully as possible to one of the senior officers of the State Department. However, I understand that the F.E.A. may be the ones primarily concerned in recommending a policy to be followed on this matter, and that Mr. Oscar Cox is now, or is shortly to be, the head of this agency, and if so, that it would be desirable that it be presented to him as well as to the State Department, as he is apt to be sympathetic to the course of action that is proposed.

I am proposing to send a copy of this draft to Mr. Gordon Munro, of the United Kingdom High Commissioner's Office, this morning, with the suggestion that he might acquaint the United Kingdom authorities of our intentions in this matter and secure any comments or suggestions they may have regarding it, inasmuch as the United Kingdom is very much involved in this question with us and it is necessary that we keep in step as closely as

possible with them in acting on the matter. You will note that the message suggests the United States should regard as a legitimate Lend-Lease requirement of the United Kingdom the supplies which it exchanges with the Canadian forces for supplies of Canadian origin.

The Minister of Finance has approved the substance of this approach to the United States, but the matter has not yet been placed before the Prime Minister or the Government. I believe Mr. Ilsley plans to take it up at least with the Prime Minister after we have secured Mr. Pearson's comments and those of the United Kingdom authorities concerned.

It may assist Mr. Pearson in considering this matter to know that Canada has had no direct discussions or contacts with the United States authorities on this matter up to date, except one or two brief meetings in Washington some time last year concerning the procedure which might be followed in establishing and agreeing upon amounts of certain types of supplies which had been retransferred. Even these meetings might be taken to have related to the special transactions regarding tanks for the initial equipment of the army, which are mentioned in the second last paragraph of the message. United States officials have inquired of the United Kingdom at various times about the amounts of supplies which had been transferred to Canada. The most recent of these inquiries took place within the past few months, and concerned only the relatively small quantities of foodstuffs of Lend-Lease origin which the United Kingdom had transferred to the Canadian forces. Mr. Goschen, of the United Kingdom Treasury delegation, is familiar with these inquiries and might be able to give Mr. Pearson some background information regarding this matter. I assume that Mr. Munro will be informing him of the nature of the message which we are considering.

Yours very truly,
W. A. MACKINTOSH

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Projet du message au gouvernement des États-Unis*
*Draft Message to Government of United States*

SECRET Ottawa, July 3, 1945

SUGGESTED DRAFT OF MESSAGE TO UNITED STATES GOVERNMENT ON LEND-LEASE SUPPLIES RECEIVED BY CANADIAN FORCES FROM THE UNITED KINGDOM

The Canadian Government has been informed that included in the supplies which have been furnished by the United Kingdom to Canadian forces overseas were some supplies originally obtained from the United States under the Lend-Lease Act. The United Kingdom Government has stated it wishes to inform the United States Government of the disposition of such supplies although records of transfers to Dominion forces operating with British forces were not required under the general Lend-Lease arrangements and therefore any figures provided would have to be estimates. It is understood that it would be necessary to have

any estimate of the amount of Lend-Lease supplies transferred to Canada verified and accepted by the Canadian Government before it would be acceptable to the United States Government.

Any supplies of Lend-Lease origin which Canada has obtained from the United Kingdom pool of supplies have in substance been received by Canada in exchange for other war supplies which Canada provided to that same pool. This pooling and exchanging of supplies from different sources has been regarded by the Canadian Government as an essential part of the organization of the maximum effort against our common enemies. Neither the total amount of supplies drawn from the pool by the Canadian forces, nor the amounts which were of Lend-Lease origin, have been recorded, and such figures cannot be estimated with any approach to accuracy. The Canadian Government proposes to inform the United Kingdom that in its view there should be no need to make any determination of the amount of supplies of Lend-Lease origin received by Canadian forces from the United Kingdom, nor of the amount of supplies of Canadian Mutual Aid origin received by the United States forces from the United Kingdom.

In the European war the Canadian Army, Navy and Air Force have operated in the very closest cooperation with the corresponding forces of the United Kingdom, using the same equipment and supplies and in most cases operating under the same command. The Canadian forces have made use of United Kingdom lines of supply, bases, rear echelons and similar supply establishments instead of setting up duplicate facilities of this kind. The Canadian forces have therefore drawn their supplies from these United Kingdom sources as and when they were needed, without inquiry or concern as to the original source of such supplies (which in some cases may have been wholly or partly of Canadian Mutual Aid origin, and in other cases of United States Lend-Lease origin, but inextricably mixed with supplies of British origin). As most of the supplies were drawn during the actual course of military or air operations, it was not possible to keep records of the amounts, let alone their origin, except in the case of complete aircraft, and no specific payments have been made in respect of any item of supplies so obtained. (Certain supplies obtained in advance as "initial equipment" of the Canadian Army were recorded and dealt with separately, as noted below.) In substance, Canada has obtained these supplies from the United Kingdom in exchange for other war supplies provided by Canada to the United Kingdom. This exchange has been effected by the Canadian forces depositing, in an account in Canada, sums which have been determined by agreement to be a fair and reasonable estimate of the value of the supplies currently consumed by the British Army or Air Force units of the same types as the Canadian units in question, and these sums have then been used to meet the cost of producing war supplies in Canada for the United Kingdom. In addition, of course, Canada has provided and is continuing to provide the United Kingdom with large quantities of war supplies as Mutual Aid.

Canada, like the United States, has furnished other United Nations with large amounts of supplies required for the common effort without payment of

any kind. Canadian war production has been planned and directed to meet the joint needs of the United Nations most efficiently, rather than the particular needs of the Canadian forces themselves. This policy is in accord with the general principle agreed and announced by Mr. Roosevelt and Mr. King at Hyde Park in April, 1941, that each of the two countries should provide what it is best able to produce and produce quickly. The most effective use of Canadian productive capacity for war purposes has been made possible by the arrangements described above under which Canada contributed certain types of war supplies to the United Kingdom pool and drew the particular supplies required by her own forces from that pool. In addition, Canada has provided supplies as Mutual Aid to France, China and the U.S.S.R., as well as to other Dominions and India. Well over half of Canada's war production has been for Allied forces, rather than Canadian forces.

In view of the circumstances set forth above, the Canadian Government wishes to suggest to the United States Government that the unknown quantities of supplies of Lend-Lease origin transferred by the United Kingdom to Canadian forces should be regarded simply as having been exchanged by the United Kingdom for other essential war supplies of Canadian origin. Whatever the amounts of such supplies, Canada has given full value in the form of her own war products in exchange for these supplies, and the Canadian Government believe it would be unnecessary and undesirable to attempt to make some arbitrary estimate of the amounts involved and to readjust the accounts among the three countries concerned on such a basis. It is suggested that the United States and Canada, both furnishing aid to their Allies on a large scale, should follow a broad principle of pooling and substitution in respect of supplies furnished to third countries, such that if Canadian forces receive from a third country supplies of Lend-Lease origin, or if United States forces receive supplies of Canadian origin, there shall be no accounting to the country of origin for those re-transfers.

In the event that the Canadian forces find themselves at the end of hostilities in possession of any items obtained from the United Kingdom which can be determined to be of Lend-Lease origin, they will be prepared, under the policy suggested above, to re-exchange them with the United Kingdom for items of Canadian or British origin, so that the United Kingdom may place them at the disposal of the United States, if the United States Government so desires.

One special case should be noted. In providing the initial equipment for the Canadian Army in Europe, it was decided for operational reasons to use tanks of a United States type rather than Canadian types, and a large number of tanks were obtained for this purpose. In order to save time and shipping, it was decided to obtain these tanks from the stocks held by the United Kingdom in England and in Italy, rather than directly from the United States. Records were kept of the numbers and origin of these particular items of initial equipment and nothing was given to the United Kingdom in exchange for them. Payment for them was made directly to the United States Government in April, 1944, subject to subsequent adjustment when the numbers, prices and

shipping charges were verified and agreed. It is not suggested that this special transaction should be disturbed in any way by the adoption of the general policy proposed above.

The Canadian Government does not wish to propose any change in the present arrangements under which Canada pays in cash for all supplies which she requests from the United States, whether through Government channels or by direct purchase from producers, including any supplies, such as raw materials, which the United States has received as reciprocal aid from the United Kingdom or elsewhere. The amounts which Canada has expended in purchasing war supplies from the United States have greatly exceeded the amounts which the United States has spent on war supplies from Canada, and in fact have resulted on balance in an increase during the war in the substantial indebtedness of Canada to the United States, but in view of Canada's capacity for war production, the Canadian Government wishes to continue to provide full value in exchange for all war supplies acquired by the Canadian forces.

**1054.** DEA/1749-F-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3579 Washington, July 6, 1945

IMMEDIATE. SECRET. Following for Wrong from Pearson, Begins: Your EX-2448, July 3rd, Lend-Lease military supplies transferred by the United Kingdom authorities to the Canadian Army. I have discussed this matter twice with the Canadian officials interested in Washington, as a result of which I desire to make certain suggestions on the question of procedure. Your reaction to these suggestions regarding procedure will, of course, affect our views regarding the substance of the draft communication attached to your teletype. I am, therefore, not giving you our views on this question of substance at this time. I feel, and my feeling in the matter is shared by those with whom I have talked, that it might be premature to initiate discussions on this matter now with the United States authorities in the manner suggested, e.g., by a lengthy, carefully argued and formal communication. If we adopt this course, we are thereby giving great official importance to the question and in a sense putting ourselves on the defensive concerning it. Its importance is, of course, obvious, but only if the United States Government were to press their claim for reimbursement. We have, I take it, no concrete evidence that such a claim will be pressed apart from the enquiries which the United States authorities from time to time have addressed to the United Kingdom authorities. Your telegram does not indicate the levels on which these enquiries were made or the weight which should be attached to them. For these reasons, might it not be unwise at this particular moment to address a formal communication such as that proposed to the United States Government, if by so doing we were to make an

inter-Governmental issue out of a question which, up to the present, has not been raised with us by the United States Government — except indirectly by enquiries to a third party, the United Kingdom?

Might it not be better at this stage merely to indicate to the United Kingdom authorities that if the United States make further requests for information as to the nature and extent of the transfers in question, we would have no objection to their being supplied with whatever information is available. At the same time, we might suggest to the United Kingdom authorities that they could indicate the complications and difficulties which would arise if the United States pressed for reimbursement from Canada, and that in such circumstances, similar information would undoubtedly be required by the Canadian Government in respect of Mutual Aid materials transferred by the United Kingdom to the United States Army? In this latter connection, are there any facts available as to the value of such Canadian tranfers, which would, I assume, be largely foodstuffs and timber for United States construction purposes overseas?

If the United States receive the information requested from the United Kingdom authorities, they would then have to decide what to do with it. They might then, of course, desire to initiate discussions with us or they might let the matter drop. If the former, would that not be the right time for us to put forward our case?

Such a case, I suggest, might, in the first instance, be embodied in a much shorter communication than that attached to your teletype and in one which would concern itself more with principles and policies than detailed argument. If, in spite of this communication, the United States insisted on pursuing the matter, then we would deal with the whole question at length and in detail, mobilizing all the arguments we possess in formal discussions. I feel, however, that it would be a mistake to do this until every other procedure were exhausted. If this is wise, then it follows that at this stage we should do nothing but indicate to the United Kingdom authorities that we have no objection to information being given to the United States concerning the Lend-Lase transfers in question, if in fact such information is available.

As stated above, I am refraining at the moment from giving you our views on the substance of your draft letter until I get your reaction to these suggestions regarding procedure. Ends.

**1055.** DEA/1749-F-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-2583 Ottawa, July 13, 1945

I have discussed with Finance your message WA 3579 regarding Lend-Lease supplies transferred by the United Kingdom to Canadian Services, and that Department has furnished me with the following comment for you:

It is unfortunate we did not inform you more of the background of this situation in sending you the suggested draft message, as it might have answered in advance some of the questions you raise. In the first place, it should be made clear that conversations and correspondence have been carried on with the United Kingdom about this matter over the past three years, mainly over the question as to who would pay the United States for these supplies, and more latterly, as regards the possible methods of estimating them. Lord Keynes wrote a very long letter[1] to the Deputy Minister of Finance some months ago about the matter, a copy of which we could send you if necessary to give you some of the background material. At first it was contemplated that the U.K. might pay the U.S. for these supplies but later it was agreed that Canada ought to pay for them rather than the U.K. However, when the large magnitude of the amounts became evident, and the effect of these payments in increasing Mutual Aid that would be necessary to the U.K. and in seriously depleting Canada's reserves of U.S. dollars, it was felt that an entirely new line such as that suggested should be taken.

As regards your suggestion that we should have no objection to the U.K. supplying the U.S. with what information they can as to the nature and extent of the transfers in question, we are anxious if we possibly can to avoid any figures being given to the U.S. as that is likely to crystallize in their minds, and possibly in the minds of Congress, as an amount which Canada should rightfully pay the U.S., or else the U.S. should waive payment for, in effect thereby providing Canada with Lend-Lease. It is precisely this unpleasant dilemma which we are most anxious to avoid and yet which we are apt to be led into if the U.K. officially informs the U.S. that any specific or estimated value of Lend-Lease supplies has been transferred to Canada. In addition, for the reasons set forth in the proposed message, we believe that any estimates that can be given by the U.K. are quite arbitrary and could not stand up to any searching scrutiny. In fact, the amounts of such Lend-Lease supplies actually received are not known and cannot be ascertained. On the other hand, the U.K. we feel may be most reluctant to have this reason emphasized as the only one impelling us to refuse to agree to any estimates. It was for this reason that we felt the message should state that we did not believe any determination of the amounts involved would need to be made.

As regards your inquiry about the level on which U.S. inquiries to the U.K. have been made, we understand they were addressed in the first instance in March of 1944 by the Deputy Director of the International Division of the War Department to General McCready of the British Army Staff in Washington. In recent months specific inquiries have been made by Mr. Griffin of the F.E.A. to Mr. Goschen of the U.K. Treasury Delegation in Washington. The recent inquiries, as well as the original ones, have been for statistical information, but the U.K. feels that these statistics are apt to be given to Congress and to be construed as official information of the amounts transferred to Canada. So far as we know, these recent inquiries have not been pursued at high levels in a formal manner, but they are causing the U.K. Treasury authorities some real concern. Possibly by this time it is too late for the F.E.A. to furnish any information to Congress this year, and the pressure on the U.K. Treasury may be temporarily relaxed. You may also be interested to know that there were some previous discussons in Washington in the spring of 1944 over the procedure that would be followed in estimating the amounts of supplies transferred to Canada, if and when payments are made by Canada to the U.S. for them. You might note particularly Army message CAW 184 of April 14, 1944,[†] which describes a meeting that took place between Canadian representatives and the War Department. In regard to the inquiries made of the U.K., it might be worth your while speaking confidentially to Goschen of the U.K. Treasury in Washington. The U.K. authorities, as we understand it, feel that they are under an obligation to supply information to the U.S. but cannot do so without our concurrence, particularly as the U.S. authorities have taken the view that the amounts involved are primarily questions to be settled between the U.K. and Canada. We have submitted suggested draft message to the U.K. for their comments, however, and may have more information to supply you on their views about this matter in the next day or two.

Value of Canadian Mutual Aid supplies transferred by U.K. to U.S. may be relatively small. We inquired about food supplies transferred in this way and it appears that they amount to less than half a million dollars in value. Timber, which you mention, is not being obtained by the U.K. through Mutual Aid in Canada. Consequently we have little to bargain with in this respect except the principle involved, although we might well take the line that any Canadian supplies, whether provided on Mutual Aid or not, would be covered.

If you feel our draft message is too formal and defensive in tone, we would be glad to consider an alternative method of presentation or an alternative draft that would be free from this danger. We have found it difficult to conceive a message that would separate the arguments regarding determination of the amounts involved from the argument regarding the principles that ought to apply in respect of such transfers, particularly as we feel that the principles that should be adopted are the main argument for not attempting to determine the amounts involved. We will inform you further of the reaction of the U.K. to these suggestions, and would appreciate any further comments you can make in reply to the explanation given above and also on the substance of the message and the procedure in taking up this question with the U.S. Ends.

**1056.** DEA/1749-F-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-3812 Washington, July 19, 1945

Your teletype EX-2583, July 13th, Lend-Lease transfers.

The background information on this matter included in your teletype disposes of a good many of the points raised in my earlier teletype WA-3579. I have a better understanding now of your difficulties in this matter, especially as I have also received through the United Kingdom Treasury delegation here (not from External Affairs) a copy of Gordon Munro's letter to Mackintosh dated July 12th.[1] I gather that the whole question is now being reconsidered and, therefore, it would appear unnecessary for me to comment on any detail of your original draft which is now likely to be changed.

I realize that I am not as familiar with this problem as you are in Ottawa but I am still not entirely convinced by the argument you make in your draft and feel, therefore, that the United States authorities would be even less convinced by it. I agree that, in view of the circumstances, it is difficult not [*sic*] to avoid a defensive tone in any communication of this kind because, in my view, our case is logically a pretty defensive one. I still think, however, that it would be better to open discussions on this matter informally and verbally with the F.E.A. people here rather than formally by a note to the State Department. Might it not be desirable, after discussions with the United Kingdom are concluded, to send someone to Washington who is entirely familiar with this matter to take it up with say, Oscar Cox of F.E.A.?

It seems to me that the Army transfers in question, however normal and justifiable they may have been under the conditions established, do at present represent Lend-Lease assistance received by Canada from the United States. We can acknowledge it as such and ask the United States authorities not to press for any accounting of it in view of the very special circumstances under which the assistance was given, or we can make some settlement with them. If we succeed in the former course, it will be difficult for us to maintain our proud, if somewhat expensive, boast in the future that Canada has received no Lend-Lease from the United States. However, I do not think we can have it both ways, and we shall have to decide whether the boast is worth something in the neighbourhood of 200 millions. What do you think of the United Kingdom's suggestion that we should offer to pay for identifiables only?

**1057.** DF/Vol. 3991

*Le sous-ministre par intérim des Finances*
*au conseiller financier, le haut commissariat de Grande-Bretagne*

*Acting Deputy Minister of Finance*
*to Financial Adviser, High Commission of Great Britain*

CONFIDENTIAL Ottawa, August 4, 1945

Dear Mr. Munro:—

In accordance with our discussion yesterday afternoon and at the request of the Minister of Finance, I am sending you herewith a draft for a letter from the Minister of Finance to your High Commissioner,† which we are considering as a means of bringing to a head the discussions which we have had in recent months about the adjustment of the provisional payments made by our Services overseas to take into account the Lend-Lease supplies which they are considered to have received from the United Kingdom. I should much appreciate having any comments or suggestions from your authorities in London regarding the usefulness of a letter of this kind in furthering the satisfactory solution to the problems involved in these suggested adjustments in respect of supplies of Lend-Lease origin.

As you know, we considered at one stage making an approach ourselves directly to the United States authorities on this matter, and we furnished you with a copy of the sort of message that we had thought of giving to the United States.[160] In your letter to me of July 12th† you forwarded some comments from your authorities on this proposal and suggested some changes which you thought might improve the exposition and argument set forth in our proposed message. We have noted these comments and suggestions carefully and have indeed re-examined our whole plan of approach on the matter in the light of the London attitude towards it.

The substance of the argument put forward in this letter to the U.K. is the same as in the proposed message to the U.S., which your people have already seen and commented upon. What is now involved is a change in the channel through which we would present these points, first to the U.K. and, if necessary, through the U.K. in the first instance to the U.S. It appeared to us on reflection that a direct approach to the U.S. involved two risks: in the first place, there was some chance that Canada might inadvertently misrepresent some aspect of the U.K. position in the matter; secondly, if we were to take it up with the U.S., we would probably have to do so at a fairly high level. This might well exaggerate the importance of the issue to the U.S. and possibly prejudice its favourable consideration. Consequently, we have now come to the conclusion that an alternative approach to the U.K. is better.

We believe that it would be both more logical and more convenient to have the first approach to the United States on this matter made by the U.K. on the basis of a reply which they have received from Canada to the suggestions that

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[160]Voir le document 1053./See Document 1053.

adjustments be made to reflect these items of Lend-Lease supplies included in the total supplies transferred to the Canadian forces. We feel this is more logical because up to date all the discussion with the U.S. on this matter has been carried on by the U.K., and, of course, it is the U.K. whom the U.S. must hold in the first instance responsible for these supplies provided as Lend-Lease. Indeed, under the arrangements which we are proposing, these supplies would continue to be recorded by the United States as having been provided to the U.K. for essential war purposes. We feel it is convenient to make the approach in this manner, as it will permit U.K. authorities to make clear their own position on this matter when raising it with the U.S., and leave the U.K. free to support the Canadian view or not, as they see fit. We would be quite prepared to discuss the matter with the U.S. once the question has been opened up from the U.K. side, and we would expect to argue the Canadian point of view ourselves if continued discussions are necessary on the matter. We would not expect the U.K. to carry the burden of argument on our behalf. On the other hand, of course, we would welcome a tripartite discussion on the matter and also any support which the U.K. would feel prepared to give to the Canadian suggestions.

As I told you in our discussion, we are making the suggestions embodied in this draft letter not only because they seem to us logical and sensible in themselves, but also because we are seriously concerned over the substantial increase that would result in the difficulties of financing the U.K. requirements in Canada in this current year if it is necessary for the U.K. to make very substantial rebates to Canada in respect of all payments made by the Canadian forces to the U.K. this year and in past years.

Yours very truly,
W. A. MACKINTOSH

**1058.** DF/Vol. 324

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-5610 Washington, November 1, 1945

SECRET. Brigadier Rodger, Flt. Lieut. Feldzan [Feldman] and Ritchie met this morning informally with Harmer of the United Kingdom Treasury and representatives of the United Kingdom Treasury delegation, British Army Staff, Royal Air Force delegation and the British Air Commission to learn from them the problems which they were encountering in connection with the submission of records and transfers and inventories for Lend-Lease equipment in connection with the current United States-United Kingdom economic negotiations. Harmer will be writing a detailed letter to Munro in the High Commissioner's Office, Ottawa, on this subject probably tomorrow for discussion with officials of the Department of Finance and other Departments.

In the meantime, you may wish to have a brief report of what took place at the informal discussions this morning.

The problems arise in connection with three sorts of statements which the United Kingdom will have to provide either immediately or eventually to the United States authorities:

1. List of transfers to third countries (including Canada) of Lend-Lease supplies during the course of the war. The United Kingdom propose to submit in the case of Canada a list of identifiable transfers which will not be confined necessarily to initial equipment but may, in fact, include maintenance items insofar as such items are properly identifiable. They do not see how in their relations with the United States they can confine the statement to initial equipment if, in fact, other transfers are equally identifiable.

2. The inventory of Lend-Lease equipment on hand as [of] September 2nd, 1945. The United Kingdom had not decided at the beginning of the meeting whether they would prefer to put in separate inventories for the United Kingdom and for other non-United Kingdom countries under United Kingdom operational control, including Canada, or to put in a lump inventory of all supplies on hand under United Kingdom operational control without distinction as to the nationality of the fighting unit which happen to have physical possession of the items at that particular time. At the close of the meeting the consensus of United Kingdom opinion was that the lump inventory would be preferable, and they expressed the opinion that from the Canadian point of view the lump inventory might have much to commend itself, since it would help to avoid raising questions of wastage, maintenance, etc., in respect of Canadian fighting elements. It might be mentioned in this connection that the United Kingdom expect that they will not be required to pay for strictly combat equipment in the military inventory but that they will have to pay only for items having possible civilian end-use and even for such items only after they have been declared surplus.

3. A statement of items which the Canadian forces expect to retain or withdraw from the overseas pool for return to Canada. This list will be required to enable the United Kingdom to discharge their obligation to inform the United States of the ultimate disposition of supplies originally received by them under Lend-Lease and to provide a basis for settlement between Canada and the United States for supplies retained by Canada insofar as such supplies have not already been included in the list identified as (1) above.[161]

The United Kingdom, probably through Harmer's letter to Munro, will be requesting your agreement on the general principles to govern the preparation of these lists. Although the actual lists may take some time to complete, agreement on the governing principles will be necessary within the next few days in order that the United Kingdom may inform the United States of the procedure they propose to follow in preparing their statements. In the preparation of the actual lists the United Kingdom will seek agreement of

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[161]Note marginale:/Marginal note:
Surely then all such supplies will be so included.

Canadian authorities in London and Ottawa as to the technical accuracy of the lists in advance of their submission. It should be noted that these statements pertain to transfers of supplies overseas only and do not in any way affect supplies to the British Commonwealth Air Training Plan which are understood to be the subject of separate discussions now taking place in Ottawa between representatives of the United Kingdom and Canada.

You might wish to pass copies of this message to Bryce in Finance; General MacQueen in Department of National Defence and Air Commodore Murray, Director of Accounts and Finance, R.C.A.F.

**1059.** DF/Vol. 3991

*Le représentant de la trésorerie de Grande-Bretagne au conseiller financier, le haut commissariat de Grande-Bretagne*

*Representative of Treasury of Great Britain to Financial Adviser, High Commission of Great Britan*

[Washington?] November 2, 1945

CANADIAN LEND-LEASE REBATE

In our discussions with the Americans about military Lend-Lease settlement, some points have arisen affecting this question. We arranged, therefore, for a meeting this morning to discuss the position. Ritchie of the Canadian Embassy, Brigadier Rogers [Rodgers], and Flight Lieutenant Feldman were present, together with Brigadier de Chassiron, Air Commodore Nowell, and a number of other representatives of U.K. Missions concerned.

The position may be summarised as follows: We are hoping to arrive at a settlement with the Americans on the general basis that:

(a) We make a return, in agreed form, of all our holdings of Lend-Lease military equipment as at V-J Day.

(b) We are allowed to retain such items as are required for essential military use, subject to a limited number of special cases where the Americans may wish to recapture.

(c) No payment is required in respect of combat materials; or of other equipment having a possible civilian end-use unless, and until, it becomes surplus.

(d) A lump sum payment shall be agreed and included in the settlement in final discharge of any claims by the U.S. Government in respect of material becoming surplus and disposed of for civilian end-uses.

(e) We undertake either to notify or possibly to obtain the prior consent of the U.S. Government to any transfers of Lend-Lease equipment in our inventory to third Governments (including Commonwealth Governments) for military purposes.

The foregoing is a rather condensed summary of proposals which have not yet been finalised. But we hope they may be acceptable both to the Americans and to London.

Arising out of this, the following points should be mentioned as involving Canadian interests:

(1) We have to consider whether our inventory of holdings in, e.g. North West Europe and the Mediterranean Theater should exclude those items actually in the hands of Canadian (or other non-U.K.) units at V-J Day, or whether we should put in an inventory showing *all* the holdings on U.K. charge.

(2) We have to consider what the position would be in the event of the Canadian forces wishing to take home with them items of Lend-Lease origin.

(3) Finally, there is the question whether our present discussions with the Americans in any way affect the handling of the Canadian question, the lines of which we discussed in September in Ottawa.

As to (1), our conclusion is that we should show our holdings undivided — i.e. not distinguishing those items in the hands of non-U.K. forces from the rest. One reason for this is, as we are advised, that the holdings as at a particular date may be largely accidental. Thus there is no reason to suppose that the Canadian holdings will consist either of the same items or the same quantities as they may want to take home with them. Equipment may have been returned to depots, and Canadian forces might be expected to draw from those depots when they return home,[162] but out of a pool in which their V-J holdings have been merged. Thus, if the effect of our showing the Canadian holdings separately were to establish Canadian ownership of these items, it might prove inconvenient later.

On the other hand, it is clear that we must somehow protect the Canadian interest. But we think this is best done separately — I refer to this again in discussing point (3) below — and that all that need be done in the present context is to insert a covering note into our inventory stating that it includes "Holdings of non-U.K. Units in such Theaters" or some similar form of words.

The question of (2) then arises, i.e. of what happens when the Canadians wish to withdraw items of Lend-Lease origin. Under our proposal in (1), the formal position will be that these items will have appeared on the U.K. inventory, and we have to establish not only that the Canadians are entitled to withdraw them, but that no further question of financial settlement arises. We do not foresee any difficulty in obtaining U.S. consent to such withdrawals, and this question, therefore, resolves itself into that of clearing the point about settlement.

This brings me on to point (3). As you know, we have been collecting the lists of Identifiable Lend-Lease items included in initial equipment issued to the Canadian Army, and similar lists of Air Ministry items. (The Air Ministry, as you know, have a different procedure from the War Office, and do not make the same distinction between initial equipment and maintenance. But in their

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[162]La note suivante, concernant les deux derniers paragraphes du document, était dans l'original:
The following footnote, referring to the two last paragraphs of the document, was in the original:
See P.S. on page 3 & 4.

case, as in that of the War Office, it is possible to produce a list of those Lend-Lease items, the issue of which to the Canadians can be recorded; and this has been the basis of all our previous discussions of the matter.) We have now received the War Office lists, and B.A.S. are examining them. (Ken Goschen sent you particulars with his letter of 27th October.) They will be telegraphing any comments to the War Office, and asking the latter to ensure that the lists are agreed with Ottawa, and that we get authority from the Canadian Government to submit them to the War Department.

As regards the Air Ministry, I understand their lists are in course of preparation, but I have not seen them. But they too will be asked to ensure that they are cleared with Ottawa, and that authority is given for RAFDEL[163] to submit them to the War Department.

We propose, therefore, that when these lists are submitted (with Canadian concurrence) it will be understood that the Canadians will then be prepared to complete the financial settlement direct with the U.S. Government on the basis of these lists. In other words, they will relate these lists to the advance payment which we understand they made in 1943, and will settle about any difference one way or another that may arise, without our being further concerned. But we shall not ourselves raise the question of maintenance or other Unidentifiable issues; and if it is raised by the Americans, we shall reply on the lines recently discussed in Ottawa.

We still think this is the best way of handling the matter, and in our view there is no reason why we should delay submitting these lists longer than necessary (see in this connection Ken Goschen's letter of 27th October referred to above). Indeed, there may be advantages in putting them in fairly promptly, since this will enable us to put on record with the War Department that our inventories may include items which are the subject of this settlement between the Canadian and U.S. Governments.

If the Canadians are in a position to say, in the fairly near future, precisely what items of Lend-Lease origin they may wish to ship back to Canada, this question could be taken up forthwith, i.e. as soon as these lists have been submitted to the War Department. (In this connection, I understand they have already taken back certain items since VE-Day, e.g. Dakotas.) It would probably be necessary to make a joint U.K.-Canada approach, but we can consider this further. If the items and amounts which they wish to take back are within the totals for which they will settle with the War Department, we should hope that no difficulty would arise. (But obviously at this point there is the possibility that the question of maintenance issues will be raised, and will have to be dealt with.) If, however, they want to take greater amounts than they have settled for, or items not appearing in the list at all, then we fear that separate settlement may be unavoidable. But the impression at our meeting this morning was that this was not likely to be a serious consideration.

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[163]Royal Air Force Delegation.

I should be grateful if you would show this letter to Bob Bryce, and get his reactions. I enclose a spare copy. As far as we can see the procedure suggested above is the best that we can devise to protect the Canadian position, but before committing ourselves to it, we should like to know that they agree. The immediate point, as you will see, is to settle the form of the U.K. military inventory, and of the covering agreement dealing with the retransfer point. This may have to be done in the very near future, and I hope, therefore you can give me an early reply.

There are two further points I should mention. In the first place, you will know that we are dealing only with major items of Identifiable Lend-Lease origin. We assume that no question of retransfer procedure, etc., will arise in respect of the rest. Secondly, the question of making an inventory of U.K. Lend-Lease holdings in Canada itself will have to be dealt with as an entirely separate matter. This arises, of course, mainly out of the B.C.A.T.P.; but there are certain complications due to exchanges of aircraft between the training scheme and Canadian Home Defense forces, which will need to be sorted out. But these need not, we think, affect the handling of the questions discussed above, which concern inventories in combat theaters.

Yours ever,

F. E. HARMER

P.S.

1. On reading this over, there is a passage which I have marked on page 2 where I am afraid the sense is not clear. What I meant to say was, Canadian forces might quite possibly, on V-J Day, have already turned in their previous holdings of equipment, but this would not necessarily mean that they did not wish to take certain amounts of such equipment back to Canada ultimately. In that event, they would draw what they required from U.K. depots when the time came; and there is no particular reason why the amounts they would wish to draw, or the particular items involved, would correspond, in any way, to the holdings they happen to have of September 2.

2. You should know that F.E.A. have again reminded us of the question of the Lend-Lease element in Food supplied to the Canadian forces. We propose to reply early next week that we have made enquiries, but that we are not in a position to make any returns of issues of Lend-Lease articles to the Canadians other than the returns which are in process of being submitted to the War Department; and that, as we understand these latter returns do not show any food items. So far the question has been dealt with on the telephone. But this may bring it to a head. Anyway, the foregoing is the least we can say without being too disingenuous, and we feel that the time has come when we must be prepared to make some reply.

**1060.** DEA/1749-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-3886 Ottawa, November 12, 1945

Following for Ritchie from R. B. Bryce, Finance Department. Begins:

1. Re Reporting by U.K. of Lend-Lease inventories and transfers, I have discussed with appropriate Army and Air Force authorities the proposals which Harmer and Goschen have outlined to us in respect of the information the U.K. is to provide to U.S. in respect of Lend-Lease inventories, Lend-Lease transfers and Canadian requirements of Lend-Lease material already obtained. We would appreciate it if you would transmit the following to Harmer or Goschen for us.

2. We are agreeable to the U.K. submitting inventories of all holdings of Lend-Lease equipment remaining in various theatres under U.K. command at V-J day, provided it is made clear, as suggested by Harmer, that it includes holdings of non-U.K. units in such theatres. We believe it is necessary in this connection to indicate to the U.S. authorities that this inventory includes items of Lend-Lease origin transferred to the Canadian forces and covered by notification of transfers being given to the U.S. We think it is also necessary to indicate that these inventories include, as we understand they will, some items obtained directly by Canada from the U.S. and paid for in cash, either through the reimbursable Lend-Lease machinery or directly from American contractors. In this connection we cannot immediately supply any estimate of the amount of these latter items that will likely be included in the U.K. inventory, but the Army has taken items to Europe which have been purchased here from the U.S., heavy trucks, for example. There are further complications that it seems hardly necessary to mention at this stage, for example, Army equipment of Lend-Lease origin which the Canadian authorities obtained in exchange for similar equipment of other origin which they had held but which they turned over to the U.K. in circumstances which made such swaps desirable. These complications regarding inventory are not so great in the case of the R.C.A.F. holdings, but we would like to be clear in this connection whether engines of actual or presumed Lend-Lease origin in planes of U.K. origin will be included in the inventories or not.

3. We are agreeable in principle to the submission of lists to the U.S. of recorded transfers of identifiable Lend-Lease equipment to Canadian forces by U.K. in the manner suggested. I understand that in general these lists will include items of initial equipment for Army and corresponding items for Air Force, and possibly a few additional items recorded for one reason or another, but that in general it is unlikely to include any significant amount of items transferred as maintenance (except possibly aircraft), inasmuch as these were usually not recorded and the transfers are covered under the general

arrangements pertaining to transfers in the course of operations. We understand all transfers of aircraft and engines have been recorded and would like to know as soon as possible if it is considered necessary to include such transfers made to replace wastage. The list attached to Goschen's letter to Munro of 27th October[1] is being considered now by Army and verified against their records. Army authorities here had not received it yesterday through Army channels in Washington, but will be in touch with them about it. We have as yet seen no Air Force lists, but understand that they will be made up on the same principle. We would like to see them as soon as possible. We would like to know whether these lists are to include equipment issued to R.C.A.F. squadrons and later returned to the U.K. on re-equipping the squadrons with other types. We should also like to know if possible whether Army lists include items obtained temporarily for special operations, as for example D.D. Tanks, and if so whether these are to be included in lieu of, or in addition to, other items of initial equipment.

4. We believe the U.K. appreciate that it will be necessary to make adjustments in our payments to them in respect of any items on the lists covered in paragraph 3 which are necessary to avoid Canada paying both the U.K. and the U.S. for the same equipment, but it might be well if you could confirm with them that this is the case.

5. Army and R.C.A.F. are now proceeding to compile lists of items of known Lend-Lease origin which they will wish to bring back to Canada. In the case of the Army it is not expected these lists will be large in relation to amounts obtained by Canada as initial equipment. In the case of the Air Force it will be substantial in certain categories. In this connection we should like to know whether items already brought back to Canada, particularly before V-J day, are to be included in these lists. We should also like to know whether aero engines of U.S. origin in U.K. air frames are to be included, notably Packard-Merlins in Lancaster 10's. It may be difficult to complete these lists with finality in the near future and we should like the option of revising them subsequently.

6. Is it intention that these lists of items of Lend-Lease origin which Canada wishes to bring back are to be submitted to the U.S. and if so by whom and under what circumstances? Can our forces regard themselves as free to bring back items of this nature before these lists are compiled and submitted to U.K. and/or U.S.? We assume so, as some items are already being returned. We are not clear as to how far we will be able to bring back these items if they exceed in quantities the amount of such items we obtained as initial equipment or some proportion of that which might be considered to remain in inventories now. If payment to U.S. for such items is necessary, then presumably it must also be covered by adjustments with U.K. to avoid Canada having to make duplicate payments for same equipment.

7. As I told Harmer on telephone Friday, Canadian Army is contemplating some disposal of equipment to Netherlands Army, in which they would like to include some equipment of U.S. origin. This would probably not exceed amounts which Canadian Army will settle with U.S. for on basis of transfer

lists noted above. Canadian Army regard this equipment as rightfully theirs and feel they should be able to dispose of it in this way. I understand from Harmer on the telephone that he feels we should not undertake to make such disposals to Netherlands without consultation with U.K. authorities and probably with U.S. authorities. Canadian Army would hope this matter could be cleared up in near future as they are anxious to have disposals carried out. We would appreciate any indication from U.K. authorities as to when and how they felt this matter could be most usefully discussed. We should also like additional information on the prospects for disposal of Lend-Lease inventories that will be declared surplus, and whether Canada will have any rights in respect of such disposal arising out of their payments to U.S. on one hand and U.K. on the other.

8. I have already informed Goschen by telephone of the general purport of this message, and am furnishing copy to Munro of U.K. here.

**1061.** DEA/1749-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States to Secretary of State for External Affairs*

TELETYPE WA-5831 Washington, November 19, 1945

Following for R. B. Bryce, Finance Department, from A. E. Ritchie, Begins: The questions in your EX-3886 of November 12th concerning Lend-Lease inventories and transfers were communicated to Goschen of the United Kingdom Treasury delegation on November 12th. On Saturday, November 17th, I met with Harmer and Goschen to receive their views on the questions which you have raised. Their oral replies are reported in summary form in the following paragraphs.

2. On the general question in your paragraph 2 concerning the description of inventories, Harmer and Goschen are of the opinion that the form of statement which they have in mind will meet most of the points which you raise in that paragraph. In any event, they propose to provide us with the text of the descriptive remarks,† which will accompany the inventories, before submission to the United States in order that we might have an opportunity to determine whether the statement protects us adequately at all points. Harmer doubted that such items as heavy trucks, which had been obtained directly by Canada from United States, would appear in the Lend-Lease inventories, since they would almost certainly be distinguishable from similar Lend-Lease items. Concerning swaps (e.g., Ram tanks for Shermans), Harmer feels that this problem need not be resolved at this stage and that any necessary off-setting might be deferred for discussion until after the basic inventories have been prepared. In answer to your question concerning the treatment of engines of actual or presumed Lend-Lease origin in planes of United Kingdom origin, Harmer reports that the following major Lend-Lease components in aircraft will be shown in the inventory: engines, propellers, automatic pilots and gun turrets.

3. With reference to your paragraph 3, Harmer and Goschen confirm that in general the Army lists of recorded transfers are unlikely to include any significant amount of items transferred as maintenance. They are not able to say at the moment whether the same is true for aircraft maintenance but they are checking and will let us know if aircraft maintenance are to be treated in a manner different from that applicable to Army equipment. They are inclined to think that any recorded transfers of aircraft and engines should be included in the lists, as they are anxious to be in a position to assure the United States that the lists include every transfer of which the United Kingdom has record. They expressed the opinion that from our point of view, as well as from their own, it would be desirable to provide the United States authorities with a list of recorded transfers sufficiently complete to satisfy the United States authorities without requiring any estimate of, or allowance for, unrecorded transfers. Harmer indicates that the United Kingdom would probably be reluctant to withhold any recorded data, the withholding of which might give a general impression of a lack of frankness on the part of the United Kingdom. The Air Force lists, which you have not yet seen, are being worked on by Air-Commodore Nowell of the R.A.F. delegation here (Harmer thinks in consultation with the R.C.A.F. representatives) and will be sent to Munro when they are in a sufficiently complete form. It is expected that they will be sent to the Canadian authorities in Ottawa by the R.C.A.F. representatives at the same time. It is not known at the moment whether these lists are to include equipment issued to the R.C.A.F. squadrons and later returned to the United Kingdom but the United Kingdom representatives here are checking this point with London and will let us know the result of their enquiry. Similarly, it is not known whether temporary transfers to the Canadian Army are included and this point also is being checked with London. Harmer thought that temporary transfers would not have been recorded but that, in cases where equipment similar to that temporarily transferred had been issued to Canadian forces for permanent retention, the items would have been recorded.

4. Concerning your paragraph 4, Harmer confirms that the United Kingdom appreciates the necessity of making adjustments in our payments to them in the circumstances which you indicated. So far as he knows, such adjustments are likely to be required only in connection with Air Ministry transfers and not in the case of War Office transfers, since Canadian payments to the United Kingdom for initial equipment are understood to have been confined to Air Ministry items. In any event, the United Kingdom authorities are prepared to make such adjustments as may be necessary to avoid duplication of payments by Canada.

5. Concerning the lists of retentions or withdrawals referred to in your paragraphs 5 and 6, Harmer indicates that for the present the United Kingdom will merely report the V-J inventory and try to get acceptance of some general principles permitting reasonable withdrawal of items included in that inventory. They do not propose at this time to get involved in any discussion of the details of proposed withdrawals. Eventually, Canada would be expected to notify the United States of any withdrawals from holdings included in the V-J

inventory or any earlier withdrawals (or to request prior consent of the United States to such withdrawals if the items are major, particularly in comparison with items or quantities indicated in the original lists of transfers to Canada, or if they have political significance as in the case of transport aircraft). Harmer expressed the opinion that it would be desirable for the Canadian authorities to discuss these detailed lists (or major individual withdrawals) with the United Kingdom authorities before submitting them to the United States authorites. He thought that United Kingdom advice or assistance might be found helpful, particularly in those cases in which the Canadian authorities were proposing to withdraw items not included in the original lists of transfers or if they were proposing to withdraw any items in quantities which approached, or exceeded, the quantities indicated in the original lists of transfers. It is not possible to predict the extent to which Canada might be asked by the United States to pay for such retentions or withdrawals. In so far as payments might be required by the United States, Harmer confirms that the United Kingdom would be prepared to make the adjustments necessary to avoid duplicate payments, and comments that for this reason, as well as for the reasons indicated above, it would be desirable for the Canadian authorities to discuss the lists of proposed withdrawals or retentions with the United Kingdom authorities at an early stage. On the specific question which you ask on aero-engines of United States origin in United Kingdom airframes, the answer is that they will be included in the inventory and will, therefore, have to be included in any lists of withdrawals.

6. With reference to your paragraph 7 and the question of disposal to the Netherlands Army, Harmer doubts that the Canadian Army should in all cases regard this equipment (even though in total it might not exceed the amounts indicated in the lists of transfers) as rightfully theirs. He points out that insistence by the Canadian Army on this right might raise the whole question of wastage and maintenance, since it is not possible to determine the extent to which wastage may have cut into, or even exceeded, the initial transfers for which payment has been made or is to be made to the United States. Harmer suggests that, if the Canadian authorities desire a clear title before making any disposals to the Netherlands, we should extend our list of proposed retentions or withdrawals to include this material, that is to say, we should make it a comprehensive list of all items to which we desire to secure a clear title. Harmer feels, as I believe he indicated to you on the telephone, that premature disposal by us of any such material might raise all sorts of complications in the discussions which we shall have to have with the United States concerning the items which we expect to retain or withdraw, particularly as we should presumably be competing with the United States in disposing of army equipment in Europe. Concerning the last sentence in your paragraph 7, Harmer was not quite clear as to the exact scope of your enquiry. Are you concerned only with the disposal of those items and quantities representing the amounts by which the difference between initial transfers and ultimate retentions exceeds reasonable wastage? If that is the problem, it would seem impossible to determine the extent and nature of the Canadian interest until we

know whether and to what extent the United States will insist on some allowance for wastage. May it not be that in the interest of avoiding any involvement in settlement for possible maintenance we might be prepared to regard the quantities and items which we shall be retaining as representing (in the aggregate, if not item by item) the residue of initial transfers after a generally reasonable allowance for wastage? In that event, our direct interest in Lend-Lease disposal would presumably disappear. If the question you have in mind is larger than my interpretation of it, I should be grateful for some amplification from you on the basis of which I could discuss the point with Harmer.

7. Since dictating the above, I have received your EX-3960 of November 19th,† to which I think you will find at least a partial answer in paragraph 3 above. I had already passed a copy of your message of November 12th to Connor[164] through Brigadier Rodger. I shall provide copies of my present teletype to Brigadier Rodger, Flight Lieutenant Feldman, Connor, Harmer, and Goschen. If any of these officials have comments on the views as reported in this teletype, I shall communicate those comments to you.[165] Ends.

## PARTIE 4/PART 4
## PÊCHES
## FISHERIES

**1062.** DEA/5134-A-40

*Mémorandum de l'adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Special Wartime Assistant to Under-Secretary of State for External Affairs*

[Ottawa,] January 27, 1944

MEMORANDUM OF A MEETING ON THE NORTH-WESTERN ATLANTIC FISHERIES PROBLEMS, EAST BLOCK, JANUARY 24, 1944

Present:

*United States Delegation*

Mr. Ray Atherton, The United States Ambassador to Canada;
Mr. Lewis Clark, United States Embassy;
Mr. Leo D. Sturgeon, Department of State;

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[164]Agent du Trésor du Canada, Washington./Canadian Treasury Officer, Washington.

[165]Pour les modalités de règlement convenues entre la Grande-Bretagne et les États-Unis, voir Grande-Bretagne, *Treaty Series*, 1946, No. 13.
For the terms of settlement as agreed between Great Britain and the United States, see Great Britain, *Treaty Series*, 1946, No. 13.

Mr. Eugene H. Dooman, Department of State;
Mr. Charles I. Bevans, Department of State;
Dr. Ira N. Gabrielson, Department of Interior;
Dr. H. J. Deason, Department of Interior;
Mr. Charles A. Carter, Tariff Commission.

Mr. R. Gushue, Newfoundland Department of Fisheries.

*Canadian Delegation*

Mr. Norman Robertson, Department of External Affairs;
Dr. H. L. Keenleyside, Department of External Affairs;
Dr. R. A. MacKay, Department of External Affairs;
Mr. John Read, Department of External Affairs;
Mr. Escott Reid, Department of External Affairs;
Dr. D. B. Finn, Deputy Minister of Fisheries.

Chairman: Mr. N. A. Robertson.

Mr. Robertson opened proceedings with a brief statement emphasizing the importance of the Northern Atlantic Fisheries to the three countries represented, the peculiar nature of the fisheries in this region in that while contiguous to North America certain European countries had historic interests in them, the apparent need for conservation of fisheries in view of the probability of extensive fishing by European as well as North American countries with modern fishing appliances in the post-war period, and the happy relations between the United States and Canada in effecting measures of conservation in fisheries of the Pacific area. Mr. Robertson explained that it was understood that the present meeting was exploratory, but expressed the hope that it would contribute to mutual understanding and agreement, as to the best methods of conservation.

Mr. Atherton reciprocated Mr. Robertson's hopes for the success of the meeting. He also stressed the importance of the fisheries in this region to the three countries concerned, and general agreement among us as to the desirability of conserving this valuable resource. He thought we should keep in mind the principles already established in the Pacific to meet Japanese inroads.

The Agenda worked out by correspondence by the Canadian and United States delegates was agreed to. (See Annex I).

*Items A and B of the Agenda* —

Dr. Deason presented tentative statistics as to respective interests of the various countries in the fisheries of the North-Western Atlantic broken down by regions, as per attached map. (See Annex II.)[1] It appeared that in Area XXII fishing was at present almost wholly by United States interests, except in sub-division A of the area; that in Area XXI Canadian "take" was considerably in excess of that of the United States; that in Area XX the present United States "take" was almost negligible, with Newfoundland first and Canada second; that in Area XIX there was presently no United States fishing, although this was likely to be resumed after the war, that fishing at present was almost entirely Canadian with a small Newfoundland participation. The

statistics presented for these areas represented deep-sea fishing rather than shore-fishing. While the statistics of the "take" of various European countries were very unsatisfactory, it was agreed that certain countries had historic interests in the Atlantic fisheries, notably France, Spain, and Portugal, although recent fishing seems to have been largely confined to Area XX.

The Canadian and Newfoundland delegates agreed with the general statistical picture presented. It was, however, agreed that further statistical investigation and analysis was necessary. The United States delegates undertook to report at the next meeting, tentatively set for February 10 in Washington. The question was raised whether in the event of a special fisheries regime or regimes being established present participation in fishing in any area for any species should be the basis for the participation in the regime or in future fishing. It was generally agreed that historic interest in the fisheries would have to be taken into account. Mr. Gushue intimated that Newfoundland would not be prepared to accept present participation in an area or in fishing for any particular species as a basis for limitation of future fishing.

*Items C and D of the Agenda* — Objectives and Methods

It was generally agreed that the objectives should be the conservation of the fisheries as a highly important food supply not only to the peoples of North America but other peoples as well, and the maintenance of this resource so as to provide the highest possible continuous supply.

Mr. Sturgeon suggested that the problem of regulation, insofar as it concerns European countries, was largely confined to Area XX of the map. Mr. Sturgeon prepared an informal statement on fisheries policy to indicate the general lines on which the United States delegation were thinking. (See Annex 3.)[1] It was asked (a) whether the United States delegates contemplated regulation in certain areas exclusively by North American countries, and (b) whether they were thinking of American countries having exclusive rights of fishing in certain areas. Dr. Gabrielson intimated he was thinking only of regulation, but that North American countries being contiguous to the fishing areas might be deemed as having exclusive rights of regulation. Mr. Dooman suggested that North American countries should be prepared to take reprisals against other states whose nationals might disobey the regulations. Mr. Atherton said there was an important difference between the right of regulation and the right to fish, and intimated that the former might be exclusive without the latter. Mr. Sturgeon referred to the exclusive right of fisheries which Canada and the United States are trying to establish on the West Coast and said that the political implications of a retreat from these principles with respect to arrangements on the Atlantic coast should be borne in mind.

The Chairman felt that there were profound differences between Atlantic and Pacific fisheries. Certain European countries have had long established interests in the Atlantic fisheries, while on the Pacific coast no trans-oceanic country had an established interest and conservation measures had already been instituted by North American countries. He also referred to the Atlantic

charter,[166] which, by implication, would debar the exclusion of European countries from participation in fisheries of the Atlantic.

There was, however, general agreement that North American countries being contiguous to the fisheries had a stronger interest and, consequently, a prior claim to participate in their regulation for purposes of conservation.

Mr. Keenleyside suggested that, in view of the very great differences in the degree of interest of European countries in the fisheries in the different areas, a line from the Nova Scotia-New Brunswick border south to opposite the tip of Nova Scotia, then south-east passing north and east of Brown's Bank to parallel 42° north latitude, and that a separate regime might be established for the area west of this line while the eastern area might be brought under the London Convention.[167] Mr. Sturgeon felt that this would meet in general the views of the United States delegates, but did not wish for the moment to make any commitment.

The meeting adjourned at 12:45 a.m.

AFTERNOON SESSION

The meeting resumed at 2:30 p.m. It was suggested that there was some confusion between the proposed new doctrine about exclusive fisheries under discussion by the United States and Canada,[168] which had been developed with a view to meeting the situation of the Pacific and the regulation of the fisheries on the Atlantic coast, where the problem was quite different. The Canadian delegates suggested that it might be better to clear the matter of the new doctrine first. The United States delegates, however, intimated that while they had studied the proposals further they were not yet ready to commit themselves on the matter.

With respect to the Atlantic fisheries, Mr. Atherton suggested that regulations might first be drawn up and then submitted to the London Conference to secure compliance. Mr. Keenleyside felt, however, that the main question was one of machinery and that it would be more appropriate for a commission or whatever body was established to supervise the fishery to draw up the regulations after its establishment. The United States delegates declined to comment for the time being on the Canadian proposals as set forth in the Final Act of the London Conference,[169] or to make counter proposals, but admitted that from the point of view of enforcement there might be some advantage to be gained by relating the administration of the Western Atlantic fisheries to the London Convention.

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[166]Voir le volume 7, document 327./See Volume 7, Document 327.

[167]Grande-Bretagne,/Great Britain,
Cmd. 5494, 1937, *International Convention for the Regulation of Meshes of Fishing Nets and the Size Limits of Fish*. International Convention, London, March 23, 1937.

[168]Voir le volume 9, document 1165./See Volume 9, Document 1165.

[169]Grande-Bretagne,/Great Britain,
Cmd. 6496, 1943, *Final Act of the International Fisheries Conference*, London, 22nd October, 1943.

A further meeting in Washington was agreed to for February 10.[170] Although the original proposal of the United States was for a meeting at "the expert level", it was agreed that the conference should not be confined to technical problems. The United States delegates agreed to try to obtain the final views of their government as to the text of the proposed statement on international law, and in any event to be prepared to discuss the matter further at the Washington meeting. It was also agreed that the matter of a regime for the Western Atlantic should be discussed, and the hope was expressed that agreement might be reached at this meeting as to the recommendations to be made to the governments represented.

[R. A. MacKay]

[PIÈCE JOINTE/ENCLOSURE]

*L'ordre du jour d'une réunion avec une délégation des États-Unis*
*Agenda for Meeting with United States Delegation*

[Ottawa,] January 24, 1944

A — Review of United States interests in the North Atlantic fisheries based on available data.

B — Review of Canadian interests in the North Atlantic fisheries based on available data.

C — Discussion of objectives in relation to the North Atlantic fisheries.

D — Discussion of methods of obtaining agreed objectives.

(1) Establishment of a separate regime for the North Atlantic fisheries.

(2) Establishment of a special regime for North Atlantic fisheries integrated with the general international agreement.

NOTE: The draft proposal referred to in C could be utilized as a basis for discussion whether the conference reaches agreement D(1), D(2) or some compromise between them.

The Canadian representatives at the conference will be prepared also to discuss the proposed new formulation of certain principles of international law relating to fisheries on the high seas which has been under review during recent months if the United States officials so desire.

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[170]Remise au 17-19 février./Postponed to February 17-19.

**1063.** DEA/5134-A-40

*Rapport du président par intérim, le Comité des conseillers techniques sur les pêcheries de l'Atlantique du nord-ouest*

*Report by Acting Chairman, Committee of Technical Advisers on Northwestern Atlantic Fisheries*

[Washington?] February 19, 1944

The Committee of technical advisors appointed by the Governments of the United States, Canada and Newfoundland, at its meeting on February 17 and 18 after a careful consideration of the biological and statistical data presented and discussed at that meeting, agreed unanimously on the following recommendations and expressions of opinion to be presented to the Conference.

1. Newfoundland, Canada, and the United States, because of contiguity, considerations of production and consumption, have a major interest in the use and conservation of the fisheries on the fishing grounds of the Northwest Atlantic area, including international statistical Areas XVI to XXII.

2. Certain European countries have participated in the fisheries of this area to a varying extent for a number of years. Their interests must be considered and their adherence obtained to international conservation measures designed to maintain fisheries in this area at their maximum yield.

3. Although the area is occupied by more or less local stocks of fish, the intermigration of certain species and the mobility of the fishing fleets of the United States, Canada and Newfoundland makes the area a single economic unit.

4. Available evidence shows that conservation measures are already necessary for at least one species (i.e. haddock) and indicates that measures will be necessary as regards other species in the near future. If, as anticipated, there is considerable expansion of fisheries in the post-war period, the problem of conservation will become more general and more serious.

5. The Committee urges upon the Conference the necessity of dealing with international fishery problems of the area defined in paragraph 1, and that machinery be set up by the three countries represented here for the continuous cooperative study of common problems and for effectively implementing the results of such study.

For the Committee:

ELMER HIGGINS

[PIÈCE JOINTE/ENCLOSURE]

*Definition of the Area Defined in Paragraph 1*

The area defined by the Committee as being of major fishery interest to the United States, Canada, and Newfoundland in the Northwest Atlantic is bounded on the west by the North American continent and is contained within the following parallels and meridians, to wit:

Starting on the coast of the United States of America at 71° 40′ West Longitude, proceeding southward along that meridian to 40° North Latitude,

thence proceeding eastward along this parallel to 40° West Longitude, thence proceeding northward along this meridan to 59° North Latitude, thence proceeding westward along that parallel to 59° West Longitude, thence proceeding northward.

**1064.** DEA/5134-A-40

*Rapport de l'adjoint spécial en temps de guerre au sous-secrétaire d'État aux Affaires extérieures*

*Report by Special Wartime Assistant to Under-Secretary of State for External Affairs*

February 22, 1944

MEETING ON FISHERIES PROBLEMS HELD IN WASHINGTON, D.C., FEBRUARY 19, 1944

Present:

*United States Delegation*

Messrs. Hackworth, Sturgeon, Dooman, Arnold, Bishop and others from the Department of State; Messrs. Deason, Harrington, Higgins and others from the Department of Fisheries and Wildlife.
Mr. Gushue from Newfoundland.

*Canadian Delegation*

Messrs. Read, MacKay from the Department of External Affairs; and Messrs. Finn, Leim, McKenzie and Needler from the Department of Fisheries.

Place: The State Department — Time 10:00 A.M.

Chairman: The Hon. Joseph C. Grew

1. Mr. Hackworth presented a draft statement on the "Regulation and Control of Coastal Fisheries" to serve as a basis for discussion (copy attached)†. He felt that it was inexpedient to make a joint declaration of principle at the present time but that it would be desirable to have an agreed statement as a basis for whatever joint measures of the regulation and conservation were undertaken. He felt that states contiguous to a fishery were likely to have a greater interest than other states, and that international law should recognize this. There were many precedents for national control of a fishery on the High Seas contiguous to state territory (e.g., certain pearl fisheries) and for international regulation (e.g., the Fur Seal Convention, the Pacific Halibut Convention). New methods of exploitation of fisheries and the danger of over-fishing which were likely to arise after the war made necessary certain advances in international law for the conservation of fisheries. He recognized that there might be difficulty in obtaining universal acceptance of necessary changes, but felt that we should be prepared to use whatever forces were necessary to put them into effect. He suggested that it would be desirable to have the concurrence of the U.S.S.R. because of its interest in Pacific fisheries, and of the United Kingdom.

2. Mr. Read asked how a doctrine of exclusive use of fisheries on the High Seas could be reconciled with the Atlantic Charter, to which it was replied that

it was understood that the Atlantic Charter assured access to natural resources by trade rather than rights of direct exploitation.

3. Mr. Sturgeon said that the prepared statement was intended as a guide to future policy, to be applied when occasion offered (e.g., the fishery or an area might be closed to other states if and when the need for conservation or other conditions warranted). Mr. Dooman felt that there was a difference between exploitation of a fishery by a state for purposes of securing food supplies and exploitation for commercial purposes, and that international law should take cognisance of it. To this it was objected that for some states exploitation of a fishery was a necessary means of producing exports to obtain other needed supplies (for example, in the case of Newfoundland) and that it would seem doubtful whether international law could take account of any difference in the purposes of exploitation.

4. Mr. Bishop said that it was not the intention of the present draft to exclude from a fishery any state now fishing there or with established historic or legitimate interests therein. Mr. Read pointed out that international law recognized the right of fishing on the High Seas for any state and that this legal right was an established interest. Mr. MacKay expressed doubt whether it were expedient or just to freeze the status quo as regards participation in a fishery on the High Seas and thus to exclude a state which had not hitherto participted.

5. Mr. Gushue said there was a real difference between the problems of the Pacific and those of the Atlantic, and suggested that the Atlantic problems should be approached by examining conditions which obtained there rather than by attempting to apply a new legal principle. Mr. Dooman said that the United States could not agree to European states participating in the regulation of fishery off the Atlantic coast without reassuring the people of the western states that trans-Pacific states would not have the right to participate in fisheries off the Pacific coast, and that therefore a general statement of principle was desirable before attempting to regulate the Atlantic Fisheries. Mr. Read felt that the purport of the United States proposals could only be understood when applied to particular areas, and under the present wording he felt that Newfoundland alone would have the right to regulate the Grand Banks area and probably to exploit the fishery there. Mr. Bishop said that it was intended that the right to participation in the regulation of fishery should depend on *proximity or present participation* in the fishery rather than *proximity and participation*, and that exclusive exploitation of a fishery should depend on previous exclusive participation and other essential conditions laid down in the statement.

### ITEM I OF THE AGENDA[171]

The report of the committee of technical advisers on Northwestern Atlantic Fisheries was presented by Mr. Higgins (copy attached). Dr. Needler

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[171] Cet article traitait de la limite occidentale de la pêche dans l'Atlantique du Nord.
This item dealt with the western boundary of the North Atlantic fisheries.

explained the statistical backgrounds for the first two conclusions of the report; Dr. Harrington the backgrounds for conclusions three and four; and Mr. Higgins discussed conclusion five. In general, the committee's report concluded that the area of the Atlantic north of 40° north latitude and west of 40° west longitude, excluding statistical areas 14 and 15 about Greenland (see attached map),† constituted a single economic area, both biologically and commercially. Mr. Gushue felt that the Atlantic Fishery should be treated as a separate region. He said that the biological and commercial approach was a much more practical one than that of international law, and that this approach should be followed. There was a further objection that the general legal approach to the subject might antagonize European countries, which he said Newfoundland could not afford to do.

Mr. Arnold and Mr. Sturgeon felt that we should not put ourselves in a position of following contradictory principles in the Atlantic and Pacific and that all possibilities of reaching a common basis of principle should be exhausted before attempting to deal with the Atlantic separately.

Mr. Dooman said that the United States delegation were prepared: (1) to recommend the findings of the technical advisers as a basis for the relation between a regime for the Western Atlantic region and that provided in the proposed London Convention; and (2) to endeavour to redraft the statement of international law so as to meet the situation in both the Atlantic and Pacific regions. He asked whether the Canadian representatives were prepared to recommend the findings as a basis of policy to their Government. On Mr. Read's enquiry as to the proposed relation of the western regime to the London Convention, it became apparent that the United States delegation were thinking of an entirely separate regime for the western Atlantic and of proposing 40° west longitude as a westward boundary for the London Convention. Mr. Dooman said that the American people could not contemplate regulation of North American fisheries by European nations.

Mr. Higgins argued that the London Convention provided no protection for North American Fisheries. Dr. Needler, however, pointed out that the size of the mesh for the western Atlantic proposed by the London Convention was 105 mm., which, he understood, was acceptable to the United States experts. Mr. MacKay pointed out that the London Convention provided a basis of law, such as "rules of the road", for fishery operations and for policing fishing areas. He asked whether the United States members contemplated anysuch arrangements, if a separate western regime were established, and, if so, whether they had examined the possibility of coming under the London Convention for such purposes? It was replied that they contemplated a complete scheme similar to the London Convention for fisheries operations and the policing of the western Atlantic fishery areas, and that certain sections of the London Convention might be incorporated in a convention for the western Atlantic.

Mr. Sturgeon felt that a regime for the western Atlantic areas could be established much more quickly if entirely separate from the London Convention which was not expected to go into effect until after the war. It was pointed out, however, that several European governments would be concerned

in the establishment of a separate western Atlantic regime and that since some of them were governments in exile the same difficulties with respect to immediate action would arise, as in the case of the London Convention.

To the question by the United States delegation as to whether Canadian representatives were prepared to recommend the experts' report to their government, Mr. Read replied (1) that considerable progress had been made on the clarification of legal matters but that a further draft would be necessary; (2) that it would be necessary to examine the proposed statement of legal principle in application to particular fishing areas in order to appreciate its implications; (3) and that the experts' report was an excellent basis for discussion but that it did not decide any question of policy with respect to administration of western fisheries, and that an elaboration of the proposals which the United States delegates had in mind would be essential before any recommendation could be made to the Canadian Government.

Mr. Gushue asked what the position of the United States delegation would be should Newfoundland decide that the London Convention was necessary for the protection of her interests. Mr. Sturgeon replied that the hope was that Newfoundland, Canada and the United States could agree upon a common policy. It was agreed that the United States members should prepare as soon as possible a new draft of the statement of international law; that the United States members should elaborate their ideas for a separate western Atlantic regime; that a further meeting should be called as soon as these drafts were prepared; that the Canadian and Newfoundland delegations would await examination of these drafts before making any recommendations to their respective governments.

[R. A. MACKAY]

**1065.** DEA/3206-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affaires to Ambassador in United States*

DESPATCH 1038 Ottawa, July 15, 1944

May I refer to my despatch No. 420 of March 22, 1944,[1] regarding the removal of obstructions to the ascent of Sockeye Salmon through Hell's Gate Canyon on the Fraser River.

2. Under Article III of the Convention between Canada and the United States for the Protection, Preservation and Extension of the Sockeye Salmon Fisheries in the Fraser River System, ratified July 28, 1937,[172] the International Pacific Salmon Fisheries Commission is required to "make a thorough investigation into the natural history of the Fraser River sockeye salmon, into

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[172]Canada, *Recueil des traités*, 1937, N° 10.
Canada, *Treaty Series*, 1937, No. 10.

hatchery methods, spawning ground conditions and other related matters." The Commission may also recommend to the two Governments "removing or otherwise overcoming obstructions to the ascent of sockeye salmon, that may now exist or may from time to time occur, in any of the waters covered by this Convention, where investigation may show such removal of or other action to overcome obstructions to be desirable."

3. As a result of extensive investigation the Commission recommended to the two Governments on January 11, 1944, remedial measures for overcoming obstructions to the ascent of the salmon in Hell's Gate Canyon and further investigation and remedial measures for overcoming obstructions to the ascent of the salmon elsewhere in the Fraser River watershed. It was estimated that the costs of the works recommended would be $2,000,000, which, in accordance with Article III, paragraph 2, of the treaty, would be shared equally between the two Governments. Three copies of the letter and memorandum from the Commission under date of January 11, signed by the chairman and secretary are attached hereto as appendix A.† Also attached as appendix B† are three copies of a list of the remedial works recommended by the Commission.

4. The Canadian Government has approved of these recommendations of the Commission as set forth in its letter and report of January 11. A vote of $1,000,000 to provide for Canada's share of the costs of these works has been recommended to Parliament. The Commission has also been authorized by Order in Council P.C. 5002 of June 30, 1944, to let contracts for the remedial works recommended. Three copies of Order in Council P.C. 5002, marked appendix C,† are attached hereto.

5. The regular procedure for the payment of expenses properly incurred by the Commission is that such expenses are paid by the Canadian Government, one-half being recoverable later by Canada from the United States. This procedure was agreed to by the United States by a Note from the Secretary of State to the Canadian Minister under date of December 10, 1937. It is acceptable to the Canadian Government that this procedure should be followed with respect to expenditures incurred by the Commission for the proposed remedial works.

6. It is my understanding that the recommendations of the Commission and the arrangements as set forth in P.C. 5002 for letting contracts and the payment of expenditures have met with the approval of the appropriate officials of the United States Government. It is further understood that the Commission is presently looking to the letting of contracts for the urgently needed permanent remedial works in Hell's Gate Canyon early in August. It would, however, appear desirable that the recommendations of the Commission as set forth in this letter and report of January 11, 1944, and the arrangements proposed for implementing these recommendations should be formally approved by Exchange of Notes between the two Governments. Would you,

therefore, please arrange for an Exchange of Notes with the Secretary of State.[173]

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1066.** DEA/5134-D-40

*Mémorandum du ministère des Affaires extérieures*
*Memorandum by Department of External Affairs*

TOP SECRET May 3, 1945

RE: CONSERVATION ZONES IN COASTAL FISHERIES

1. Despatch No. 1099 of April 28, 1945,[1] from the Canadian Embassy in Washington encloses a statement of United States policy in this matter, together with an explanatory memorandum.[1] The same documents are being given to Mexico, the United Kingdom, the Union of Soviet Socialist Republics, the Netherlands, Portugal, Norway, France, Iceland and Cuba. The explanatory memorandum states that the United States would welcome the adoption by other governments of a similar policy. The State Department told our Embassy that it was hoped Canada would not only adopt a similar policy but would join the United States in an approach to the other countries mentioned. It is not stated what the United States course will be if all or most of the countries reject the statement of United States policy. The State Department hopes to secure adoption of their policy by May 31; it is not clear whether this means that the United States seriously expects to get definite concurrence from the countries by May 31 or whether the United States itself intends to announce its policy publicly by May 31 regardless of the replies, or lack of replies, from the other countries.

2. The United States statement of policy is —

"In view of the pressing need for conservation and protection of fishery resources, the Government of the United States regards it as proper to establish conservation zones in those areas of the high seas contiguous to the coasts of the United States wherein fishing activities have been or in the future may be developed and maintained on a substantial scale. Where such activities have been developed and maintained by its nationals alone, the United States regards it as proper to establish explicitly bounded conservation zones in which all fishing activities shall be subject to the regulation and control of the United States and may when conditions warrant be limited to the United States. Where such activities have been legitimately developed and maintained by nationals of other states, explicitly bounded conservation zones may be established under agreements between the United States and such other states;

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[173]Pour l'Échange de notes, voir Canada, *Recueil des traités*, 1944, N°° 22.
For the exchange of notes see Canada, *Treaty Series*, 1944, No. 22.

and all fishing activities in such zones shall be subject to the regulation and control of, and may when conditions warrant, be limited to the United States and such other states. The right of any state to establish conservation zones off its shores in accordance with the above principles is conceded, provided that corresponding recognition is given to any fishing interests of nationals of the United States which may exist in such areas. The character as high seas of the areas in which such conservation zones are established and the right to their free and unimpeded nagivation are in no way thus affected."

3. This statement is the latest in a series of draft statements which have been discussed by the United States and Canada, sometimes also with Newfoundland.

4. Early in 1943, Mr. Keenleyside of this Department drafted a proposed doctrine of international law on this subject, which goes even further than the United States statement of policy. Mr. Keenleyside's draft, which was never considered by the Canadian Government or sponsored by this Department, was given to the State Department in July, 1943, as an idea worthy of discussion. A copy of Mr. Keenleyside's draft is annexed as Appendix "A".[1] Before it was sent to Washington, Mr. Keenleyside's draft was considered by the Legal Adviser, Mr. Read, who wrote in part as follows —

"The difficulty arises from the need for the establishment of a new rule of International Law. A new rule can be established in the following ways:

(a) By the building up of a usage generally recognized and accepted by the nations of the world. Usages of this sort are not ordinarily the result of deliberate action, but there is no real reason why policies should not be carried out with the conscious objective of a new rule of International Law.

(b) By the embodiment of the new rule in a multilateral agreement.

(c) Legislative action by an organization of nations endowed with such powers. At present there is, to all intents and purposes, no such organization, but in the future it is probable that a world organization will be established, having some law-making power.

(d) By bold and lawless action by a powerful State or States, ultimately reluctantly acquiesced in by the nations of the world unwilling to challenge their action.

It is the last way, namely (d), that is envisaged in the present proposal".

5. In October, 1943, an International Fisheries Conference in London met to consider a draft convention relating to the Policing of Atlantic Fisheries. The Conference approved a draft Convention for consideration by Governments with a view to formal conclusion at a further Conference. The Canadian delegation proposed the addition to the draft Convention of Article 52A (a copy of which is annexed hereto as Appendix B).[2] Article 52A would enable the countries who participate regularly and substantially in a 'Special Area' to restrict and police all fishing in that area. Unlike Mr. Keenleyside's draft doctrine, Article 52A does not provide for exclusive access of one or some countries to a fishery. The Conference adopted the following Resolution relating to Article 52A:

"The Conference, having taken note of the proposals presented by the Canadian Delegation which form Annex II to this Final Act, recommends the principles of the proposals contained in this Annex to the immediate and sympathetic consideration of all Governments interested in the subject matter. The Conference suggests that at the later conference the question should be decided whether suitable provisions to meet the points raised by the Canadian Delegation should either be incorporated in the Convention or form the subject of a separate protocol to be signed at the same time as the Convention. The Conference agreed that there was nothing to prevent the earliest possible consideration of these proposals by the Governments particularly interested in fisheries in the region set out in paragraph 6 of the draft Article 52A in Annex II prior to the meeting of the second conference with a view to drawing up by agreement proposals for the regulation of fisheries in this area which might either be adopted at the second International Fisheries Conference or adopted at a more limited conference confined to those Governments particularly interested in fisheries in this area."

6. In February, 1944, representatives of Canada, the United States and Newfoundland, discussed the problem of coastal fisheries at a meeting in Washington. At this meeting, the State Department presented a draft statement of policy. Annexed as Appendix C is a memorandum by Dr. MacKay of this Department summarizing the discussion at Washington,[174] to which is annexed in turn the State Department's draft statement.[1] In brief, the State Department's position like that of Mr. Keenleyside, was that the states which are contiguous to or have actively participated in a fishery should assume and announce the right not only to regulate and police it but also to exclude others from it. Messrs. J. B. Read and MacKay, who represented this Department at the meeting, doubted both the legality and fairness of the proposal.

7. The United States informally gave us redrafts[1] of the proposed statement in May and July of 1944. Dr. MacKay discussed the July redraft in a memorandum dated August 12,[1] in which he said, in part:

"It is further suggested that it is in the long-run interest of Canada to uphold international law generally and that such a course should be departed from only for compelling reasons and certainly not for short-run advantages. International law has probably been the best defence of small nations against encroachment by the Great Powers. The shift in the preponderance of power to the Big Three would appear to make even more necessary the strengthening of international law for the protection of small states. It would appear to be especially in Canada's interest in view of the great increase in power on the part of the United States. Further, it would not seem to be conducive to the best relations with other countries if the impression were created that Canada is willing to participate in United States imperialism, economic, territorial, or maritime.

"It is recommended that:

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[174]Document 1064.

(a) We agree to the principle of exclusive enjoyment, unilateral or bilateral as the case may be, of specific fisheries which have been created or very substantially restored without protest from other states (the Bristol Bay Salmon fishery, the Pacific Halibut fishery, the Sockeye Salmon fishery — if fishing for sockeye on the high seas is practicable). This might be done by express reference to such fisheries in the exchange of notes.

(b) That we agree to the principle of regulation of fisheries on the high seas *bona fide* for conservation purposes by those states having a major interest, and to the principle that conservation regulations should be enforceable against all fishing vessels frequenting the fishing grounds in question. Other states which have participated in these fisheries should be invited to participate in working out regulations but not permitted to obstruct.

(c) That we do not agree to exclusive enjoyment of any existing high seas fishery by the coastal state alone, or jointly by states which have hitherto participated in the fishery."

The Under-Secretary, Mr. Robertson, noted his agreement with this memorandum. We did not transmit these views to the United States Government.

8. In November, 1944, Mr. Sturgeon of the State Department informally gave Mr. Keenleyside another redraft[1] of the policy. This redraft is the same as the statement of policy enclosed with despatch No. 1099 of April 28, 1945, from Washington. Mr. Sturgeon told Mr. Keenleyside that the draft was to be submitted to the Secretary of State along with the opposing views of (a) the State Department's economic experts and (b) its political and legal experts. The economic experts opposed the idea of excluding any country from high seas fisheries (except perhaps Japan in the Northeast Pacific). It is now clear that the views of the economic experts have not prevailed.

9. Although the United States statement of policy now received differs in form from the one discussed in February, 1944, and the one reviewed by Dr. MacKay in August, 1944, it is substantially the same in effect and is certainly no less restrictive. It contains the principle of exclusive enjoyment, and draws no distinction between (a) fisheries which have been created or substantially restored by a state or states, and (b) fisheries which have not been established or re-established by conservation measures. The phrase "developed and maintained" in the present statement of policy is so general that, in my view, it is in no way limited to fisheries which have been created or re-established by conservation measures. Any fishery which has been exploited by a country would, I think, be a fishery which has been "developed and maintained" within the meaning of the statement.

**1067.** DEA/5134-D-40

*Mémorandum du deuxième secrétaire, le ministère des Affaires extérieures*

*Memorandum by Second Secretary, Department of External Affairs*

TOP SECRET [Ottawa,] May 11, 1945

A meeting was held in the Department of External Affairs on Wednesday, May 9, to discuss despatch No. 1099 of April 28 from Washington[1] concerning the jurisdictional status of coastal fisheries. Those present from the Department of External Affairs were —

The Acting Under-Secretary (Mr. Read)
Dr. MacKay
Mr. Macdonnell
Mr. Wershof
Mr. Chatillon

The Department of Fisheries was represented by—

The Deputy Minister (Dr. Finn)
Mr. Ozere, Solicitor

After discussion, it was agreed that the Department of External Affairs should prepare and send to the Department of Fisheries a draft reply to the United States along the following lines. The Canadian Government is in general sympathy with the objectives of the proposed statement of policy but has doubts as to the wisdom and feasibility of retaining the provision for exclusive exploitation. An attempt to impose such a principle would inevitably be brought before the Permanent Court of International Justice where it would be impossible to defend. Furthermore, if the idea of exclusive exploitation is sound, the way to establish it is either to get it approved by the Assembly of the United Nations Organizaton which is being established, or perhaps by an international conference for the codification of international law when such a conference is called. In criticizing the idea of asserting the right of exclusive exploitation, we do not, of course, object to excluding from a fishery individual ships which disobey the regulations in force in that fishery, or even the ships of a country which declines to abide by such rules.

Mr. Read felt that Cabinet approval was not necessary for an interim reply of this kind.

It was agreed that the Department of Fisheries is to prepare a memorandum from a factual point of view showing the possible advantages and disadvantages to Canada of the proposed statement of policy.[2]

Mr. Macdonnell is to ask Mr. Clark of the United States Embassy whether the statement of policy has now been given to all the countries listed in the despatch from Washington and whether Newfoundland has received the statement via the United Kingdom.

P.S. Mr. Macdonnell spoke to Mr. Clark on May 10 and was given the following information.

The Mexican Government was given the same material as the Canadian Government on April 27. The material was sent to Mr. Gushue in London and he has presumably received it.

On May 9 the United Kingdom was given the statement of policy and a somewhat shorter explanatory memorandum than we received. On May 10 the Soviet Government is to be given the same documents. In the next few days, these documents are to be given to Cuba, France, Norway, Portugal, the Netherlands, and Iceland.

[M. WERSHOF]

**1068.** DEA/9130-40

*Le premier secrétaire, l'ambassade des États-Unis, au conseiller juridique*

*First Secretary, Embassy of United States, to Legal Adviser*

Ottawa, June 11, 1945

Dear Mr. Read:

May I refer to Mr. Robertson's letter of February 23, 1945,[†] regarding the proposed Great Lakes Fisheries Convention, and to subsequent discussions of this subject.

The Canadian revised draft convention[†] has been carefully studied in the Department of State and the views of the Federal fishery authorities have been obtained with regard thereto. Consultations have also taken place in Washington with fishery conservation authorities from all of the States bordering on the Great Lakes.

From this further consideration of the question a number of suggestions were developed which appeared to merit incorporation into the Canadian draft. A new draft has, therefore, been prepared and a copy thereof is enclosed for review and consideration by the appropriate authorities of your Government. The reason for and significance of the revisions will, I believe, be readily apparent in most instances.

The present draft represents perhaps the greatest measure of common agreement that has been developed from the study and consultations which have thus far taken place in the United States and in Canada. It is not yet clear, however, whether the type of agreement now in draft will fully meet the views of some of the States of the United States in respect of their participation in the regulatory regime contemplated. It is nevertheless believed in the Department of State that a point has been reached where joint efforts of the two Governments might profitably be resumed, possibly through a meeting of representatives to discuss the proposed convention as suggested by Mr.

Robertson in his letter of February 23, 1945. I should appreciate learning whether this suggestion is agreeable.

Sincerely yours,

LEWIS CLARK

[PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de la Convention des pêcheries des Grands Lacs*

*Revised Draft of Great Lakes Fisheries Convention*

CONFIDENTIAL [Washington,] May 1945

PREAMBLE

The President of the United States of America, and His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, in respect of Canada,

Recognizing that the fish of the Great Lakes and their connecting waters constitute an important source of food supply and a natural resource of great economic importance to the United States and Canada, that fishing operations and other factors in the waters within the jurisdiction of one country may adversely affect the supply in the waters within the jurisdiction of the other, that some species of fish in the Great Lakes have declined and that further declines are probable unless adequate provision is made for the development, protection and conservation of the Great Lakes fisheries and for the maintenance of conditions which will permit the maximum yield, and that the conservation and effective management of these fisheries require cooperation between and joint action by the governmental agencies of both countries concerned with the administration of their fisheries,

Have resolved to conclude a convention for this purpose and have appointed as their respective plenipotentiaries,

The President of the United States of America:

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, for Canada:

who, after having communicated to each other their full powers, found in good and due form, have agreed upon the following Articles:

ARTICLE I

It is agreed that the provisions of this Convention shall apply to: (1) Lake Ontario, (2) Lake Erie, (3) Lake St. Clair, (4) Lake Huron, (5) Lake Michigan, and (6) Lake Superior, and to the connecting waters, bays and component parts of each of these lakes.

ARTICLE II

1. The High Contracting Parties agree to establish and maintain a joint commission, hereinafter referred to as the Commission, to be known as the

International Commission for the Great Lakes Fisheries and to be composed of two national sections, a United States section and a Canadian section.

2. Each High Contracting Party may also appoint an advisory committee for each lake consisting of representatives designated by each state or province, as the case may be, having jurisdiction on the lake.

3. The salaries and expenses of each section and of each advisory committee shall be determined and paid by their respective governments, provided that joint expenses incurred for administration or research or for other purposes shall be paid by the two High Contracting Parties in equal shares.

4. The constitution of the Commission, the national sections and the advisory committees, shall be based upon the provisions of Schedule "A" attached to and made a part of this Convention. The Commission, the national sections and the advisory committees shall be governed by the provisions of Schedule "A".

ARTICLE III

The Commission shall formulate and recommend specific research programs, which may be undertaken by the appropriate agencies of the two governments in collaboration with the states of the United States of America concerned and the Province of Ontario, as well as such other institutions and facilities as the Commission deems advisable, for observations and studies of the Great Lakes fisheries to guide it in exercising its functions provided for in Article IV of this Convention. Such programs may include the collection and analysis of statistical information to reveal the current conditions and trends of the fishery resources, studies and appraisal of methods for increasing the abundance of fish by artificial propagation and other means, and studies of any factors that may affect the fisheries of the Great Lakes, including silting and pollution. The Commisson shall take such further steps as it considers practicable to coordinate and develop research which it may deem of value in connection with the Great Lakes fisheries.

2. The High Contracting Parties agree that within one year from the date of the exchange of the ratificiations of this Convention, the Government of the United States of America and the Government of Canada will undertake such observations and studies, recommended by the Commission for joint or concurrent action, as are considered by the High Contracting Parties necessary to the effective guidance of the Commission in the exercise of its functions.

3. It is understood that nothing contained in this Convention or in the laws and regulations of the High Contracting Parties or of the states or of the Province of Ontario shall prohibit the Commission from conducting or authorizing fishing operations and biological experiments at any time for purposes of scientific investigation.

ARTICLE IV

1. The Commission shall undertake to develop a comprehensive plan for the effective management of the fishery resources of the Great Lakes and their connecting waters as specified in Article I for the purpose of securing the maximum use of these resources which is consistent with their perpetuation.

2. The Commission may determine and fix by regulations: the open and closed seasons; open and closed waters; size limits for each species of fish; the time, methods and intensity of fishing; the type and specifications of the nets, gear, apparatus and appliances which may be used; the methods of measurement; the extent and nature of stocking operations; the introduction of new species; and catch returns and other statistical records as may be necessary to give effect to the purposes of this Convention. Such regulations shall be uniform for each lake or equivalent in their effectiveness in the waters of each country as determined by the Commission. For these purposes, the Commission may from time to time issue regulations for each lake separately and may establish zones within a lake and issue regulations for the various zones of that lake in accordance with differences in conditions. All regulations shall be adopted for a lake or for a zone within a lake with due regard to the necessary interdependence of such regulations with the regulations adopted for other waters of the Great Lakes.

3. The Commission may make recommendations to the appropriate federal, state, provincial and local authorities regarding measures for dealing with such other factors affecting the Great Lakes fisheries, including silting and pollution, as are not included under section 2 of this Article.

4. The United States section alone shall exercise all powers and functions of the Commission in matters relating to Lake Michigan having due regard to the necessary interdependence of regulations on that lake with those adopted for the other lakes. The Commission shall, with respect to Lake Michigan, take cognizance of regulations and conditions of that lake for the purpose of taking account of the necessary interdependence of regulations adopted for the other lakes.

5. Regulations recommended by the Commission for United States waters, and by the United States section for Lake Michigan, shall not become effective until approved by the President of the United States of America.

6. Regulations recommended by the Commission with respect to Canadian waters shall not become effective until approved by the Governor General in Council.

ARTICLE V

1. The High Contracting Parties agree to provide for the enforcement, whether directly or through state and provincial governments or by both means, within their respective waters of the regulations issued under this Convention.

2. It is understood that in United States waters the regulations for each lake may be enforced in the first instance by the enforcement agencies of the states bordering thereon within their respective jurisdictions and in Canadian waters by the appropriate enforcement agencies of the Province of Ontario.

3. The Commission shall keep informed as to the effectiveness of enforcement, shall report to the High Contracting Parties with respect to any charges, allegations or conditions of unsatisfactory enforcement of which it is aware, and may recommend to the High Contracting Parties measures for the

improvement of enforcement. Except as to Lake Michigan, upon the complaint of either national section with respect to enforcement in any area of the waters of the other country the government of that country will take appropriate action to enforce the regulations adopted for that area and will continue such action so long as it deems necessary.

ARTICLE VI

Nothing in this Convention shall be construed as preventing either of the High Contracting Parties, subject to their respective constitutional arrangements, or the Province of Ontario or any of the states of the United States of America bordering on the Great Lakes from making or enforcing laws or regulations within their respective jurisdictions which will give further protection to the fisheries of the Great Lakes: *Provided*, That such laws or regulations are not inconsistent with the provisions of this Convention or with the regulations issued thereunder.

ARTICLE VII

The High Contracting Parties agree to provide, subject to their respective constitutional arrangements, for the prohibition of the shipment, transport, purchase, sale, import or export of fish taken from the Great Lakes in violation of the regulations issued under the authority of this Convention.

ARTICLE VIII

The High Contracting Parties agree that, subject to the regulations issued under the authority of this Convention, and subject to their respective constitutional arrangements, licenses to fish in the waters of any state or province within the purview of this Convention may continue to be issued by such state or province in accordance with its laws and subject to such fees as it may fix: *Provided*, That such licenses and licensing are not inconsistent with the provisions of this Convention or with the regulations issued thereunder, and *Provided Further*, that where such licensing of fishing activities is necessary to give effect to the regulations issued under the authority of this Convention, if any state or province fails to establish licensing adequate for the successful control or management of any such fishing activity, the High Contracting Party having jurisdiction will take such measures as may be necessary to maintain the needed licensing in the area of its waters affected.

ARTICLE IX

The High Contracting Parties agree to provide for the enactment and enforcement of such legislation as may be necessary to give effect to the provisions of this Convention and the regulations adopted by the Commission under the authority thereof, with appropriate penalties for violations.

ARTICLE X

The present Convention shall be ratified by the President of the United States of America, by and with the advice and consent of the Senate thereof, and by His Majesty in accordance with the constitutional practice, and it shall

become effective upon the date of the exchange of ratifications which shall take place at . The Convention shall continue in force for a period of ten years, and thereafter until one year from the day on which either of the High Contracting Parties shall give notice to the other High Contracting Party of an intention of terminating the Convention.

In witness whereof, the respective plenipotentiaries have signed the present Convention and have affixed their seals thereto.

(Seal)

(Seal)

SCHEDULE "A"

*Provisions Relating to the Joint Commission, the National Sections and the Advisory Committees*

1. The United States section shall be composed of three members, one a representative of the fishery agency of the Government of the United States of America, and second a person chosen by the President of the United States of America from a list of two or more persons named by the states having jurisdiction on the Great Lakes, and the third a person duly qualified to represent the public at large by reason of knowledge of the fisheries of the Great Lakes.

2. The Canadian section shall be composed of three members, one a representative of the public services of Canada, the second a representative of the public services of the Province of Ontario, and the third a person not otherwise connected with the public services of Canada or Ontario but duly qualified to represent the public at large by reason of knowledge of the fisheries of the Great Lakes.

3. Each High Contracting Party may fix the terms of service of its members of the Commission and of the members of any advisory committees established by it pursuant to Article II.

Each High Contracting Party may fix the composition of the membership of any such advisory committee established by it, in order to give adequate representation to state or provincial conservation and fishery agencies, commercial fishermen, sports fishermen, and the public at large; but the members of such advisory committee shall be designated by the states or province having jurisdiction on the lake concerned.

4. At the first meeting of the Commission and at every second subsequent annual meeting thereafter the members shall select from themselves a Chairman and a Secretary both of whom shall hold office for two years. The Chairman shall be selected from one national section and the Secretary from the other national section, *Provided that* the offices of Chairman and Secretary shall alternate biennially between the national sections.

In the event that the Chairman or the Secretary is not present at a meeting of the Commission the other members may appoint one of their number to act in his stead. In case the Chairman or the Secretary ceases to be a member of the Commission, the Commission shall select from the members of the same

national section a new Chairman or Secretary to assume office for the unexpired term.

The Commission shall adopt suitable by-laws or provisions for the conduct of its meetings and for the exercise of the functions and duties vested in it by this convention and may employ necessary personnel for the discharge of its functions.

5. The members of the Commission shall each have one vote and the Commission shall determine for each lake other than Lake Michigan by majority vote of the entire Commission the fishing regulations and other decisions with respect to such lake. With respect to Lake Michigan, each member of the United States section shall have one vote and decisions shall be by majority vote.

6. Any advisory committee which, pursuant to Article II, may be appointed by each Government for a particular lake, shall be invited to all non-executive meetings of the Commission or its respective national sections at which matters concerning that lake are to be considered, and shall, except in case of emergency, be given full opportunity to examine and to be heard on all proposed fishing regulations and other decisions relating to that lake. Emergency regulations and decisions taken without opportunity for examination and recommendation by the pertinent advisory committee or committees shall not be operative for more than one year and may not be renewed without full opportunity for examination and recommendation by the advisory committee or committees.

7. For the purpose of considering and adopting regulations regarding the fishing in the lakes, the Commission, or in the case of Lake Michigan the United States section alone, shall meet at least once a year. The date and place of the annual meeting and of such other meetings as may be necessary at any time shall be agreed upon by the Chairman and Secretary except that only the representative of the United States of America holding the office of Chairman or Secretary shall call such meetings for Lake Michigan.

8. Prior to any meeting at which regulations for any lake are to be voted upon, a hearing or hearings shall be held by the Commission, or in the case of Lake Michigan by the United States section, at a place or places adjacent to that lake which shall be open to fishermen and other persons in either country interested in its problems, *provided that* meetings may be held in the event of emergency circumstances without proceeding hearings. Nothing herein shall be deemed to prevent either national section from holding hearings within its own country at its discretion.

9. The Commission shall publish biennially, or more frequently as it judges desirable, reports of its activities and recommendations, as well as such publications as it may see fit of a scientific nature or other public information, and may also arrange to publish the results of the research of collaborating and associated agencies.

10. Regulations adopted by the Commission under Article IV of the convention shall not become effective until one year from the date when the convention comes into force.

11. The Commission may determine the boundaries between the lakes, and between the waters specified in Article I and waters flowing into or from such waters, for purposes of the application of this convention and regulations issued thereunder.

12. The provisions of this schedule may be revised and amended from time to time by the Commission, provided that any revisions or amendments which are inconsistent with any of its provisions must be confirmed by exchange of notes between the High Contracting Parties, and *provided also* that no revision or amendment may be inconsistent with the convention, and *provided further*, in view of the diverse interests of the several states of the United States bordering on the Great Lakes, that no revision or amendment thus adopted shall diminish the extent or effectiveness of state participation and representation of state interests now provided under paragraphs 1, 5, 6, and 8 of this schedule.

**1069.** DEA/5134-D-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au sous-ministre des Pêcheries*

*Under-Secretary of State for External Affairs*
*to Deputy Minister of Fisheries*

TOP SECRET Ottawa, July 27, 1945

Dear Dr. Finn,

I refer to my memorandum of May 23,[1] with which was enclosed a draft reply[2] to the United States Note on the Jurisdictional Status of Coastal Fisheries.

It has been decided not to send the previous draft which you saw and approved. In view of Dr. Keenleyside's long interest in the matter it was decided to hold the draft for discussion with him during his visit to Ottawa. Following discussions with him, the draft has been radically revised. I enclose a copy of the revision.

The essential changes are:

(1) The exceptions permitting exclusion of other states from a conservation zone are broadened to permit of cases where fishing activities have been exclusively enjoyed over a long period by the state or states declaring such a zone under regulations designed to protect the fishery; e.g., the Pacific Halibut.

(2) A statement of the general principle of the right of fishery on the High Seas has been included in order to protect Canadian interests in fisheries not now exploited by Canadian fishermen; e.g., the tuna fishery off Mexico.

(3) The suggested procedure whereby international law might be changed has been omitted in the present draft.

Since it seems reasonably clear from a perusal of our files that the Canadian Government has never formally announced the principle of exclusion of other states from protected fisheries lying off the Canadian shore; e.g., the Pacific Halibut fishery, and since such a policy would go beyond existing international law, it is felt that the reply to the United States should have Ministerial approval. Would you be good enough to take the matter up with your Minister. We propose to follow the same course in this Department.

Yours sincerely,

[PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de réponse*

*Revised Draft Reply*

TOP SECRET [Ottawa,] July 27, 1945

DRAFT REPLY TO THE UNITED STATES
DEPARTMENT OF STATE ON THEIR STATEMENT
OF FISHERIES POLICY OF APRIL 26, 1944

1. The Canadian Government has carefully considered the statement of United States policy concerning the jurisdictional status of coastal fisheries, which the Department of State gave to the Canadian Ambassador in Washington on April 26, 1945.

2. The Canadian Government is in general agreement with the provisions for conservation and protection of fishery resources on the High Seas contiguous to the national domain. They are, however, doubtful as to the wisdom of asserting such a broad right of exclusion of other states from a regulated fishery as seems to be implied in the United States statement of policy. The statement provides that in the case of a conservation zone established by the United States fishing activities "may when conditions warrant be limited to the United States," and in the case of a conservation zone established by the United States and other states jointly, fishing activities "may when conditions warrant be limited to the United States and such other states." The statement of policy would thus appear to leave to the state or states establishing a conservation zone full discretion in fixing the conditions under which other states may be excluded therefrom.

3. It may be observed that under international law the right to fish anywhere on the High Seas is common to all maritime nations. This right would not appear to be lost by non-exercise; nor, broadly speaking, has any state, or group of states, the right to exclude other states from a fishery on the High Seas. It is, however, possible that exceptions to this general principle might be justified. Exclusion of a particular ship from a duly declared conservation zone might be justified as a sanction to compel its obedience to conservation regulations deemed essential to the preservation of the fishery in the zone. Likewise, exclusion of the whole fishing fleet of a state which refused to recognize such regulations might be justified as a sanction against that state. It might also be possible to justify exclusion of other states from a fishery by a

state or states if the fishery had been exclusively enjoyed by its or their nationals over a reasonable period of time, and had been carried on under regulations designed to preserve and protect the species of fish concerned.

4. The Canadian Government, accordingly, thinks that the right of a state or states establishing a conservation zone on the High Seas to exclude other states from enjoyment of the fishery therein should be strictly limited. With this exception the Canadian Government is in general agreement with the United States statement of policy.

**1070.** DEA/9130-40

*Rapport d'une réunion*
*Report of Meeting*

CONFIDENTIAL [Ottawa, c. September 19, 1945]

MEETING ON THE GREAT LAKES FISHERIES HELD IN OTTAWA, SEPT. 18 & 19, 1945

A meeting was held in Ottawa on September the 18th and 19th between representatives of Canada and the United States of America to discuss on the official level a draft convention for the development, protection and conservation of the Great Lakes Fisheries. The United States draft of May, 1945, served as a basis for discussion.

Present:

*United States Delegation.*

Messrs. J. G. Parsons, W. E. S. Florey, C. I. Bevans, W. W. Bishop, Jr., F. A. L. Linville, Miss M. C. Shreve from the Department of State; Messrs. I. N. Grabielson, H. J. Deason and D. J. Chaney from the Fish and Wild Life Service. Mr. J. Shillock of the United States Embassy.

*Canadian Delegation.*

Messrs. J. E. Read, R. M. Macdonnell, C. Chatillon and W. C. Hopkins from the Department of External Affairs; Messrs. D. B. Finn, A. J. Whitmore, D. H. Sutherland and S. V. Ozere from the Department of Fisheries; Messrs. D. J. Taylor and H. H. Mackay from the Department of Game and Fisheries, Ontario.

Place: Chateau Laurier.

Time: 3 p.m.

Chairman: Mr. Read.

The Honourable H. Francis G. Bridges, Minister of Fisheries, after a few words of greeting declared the meeting open.

Mr. Read, acting as Chairman, invited the heads of the various delegations to make some general observations on the draft before discussing it. Mr. Parsons pointed out that since the states concerned were not represented he would be gratified if publicity would be restricted to the minimum. A Press statement[1] was worked out and it was agreed to have it released by both

countries at the same hour the next day. Mr. Parsons also mentioned that the United States draft represented the agreed views of the United States and state governments, and that the United States delegation could hardly agree to changes of substance without consulting the states and securing their consent.

Before proceeding with the main task, Mr. Macdonnell outlined briefly the negotiations that had taken place in the last three or four years resulting in the present draft.

It was decided that Mr. Bishop and Mr. Hopkins would act as draftsmen.

The Chairman read the draft clause by clause, each subject to a free and informal discussion. *The Preamble. Articles II, III, IV, V, VI, VII, VIII,IX and X* were accepted with no serious alterations. A few words and the disposition of certain phrases were changed but mainly for the sake of clarity and uniformity.

ARTICLE I

It was pointed out that the international section of the St. Lawrence River, included in the old draft,[1] had been omitted from the present one. It was explained that the omission was due to the fact that New York state considered that zone more of a sport fishing area than a commercial one. It was suggested (and stressed by Ontario) that the international zone be re-included in Article I.

The revised draft, i.e., the September draft, (copy attached)[1] includes in what is referred to as the Great Lakes "The St. Lawrence River from Lake Ontario to the forty-fifth parallel of latitude." It was understood that this major change had to be reported to the state concerned (New York) and the State Department officials confided that they would support the Canadian viewpoint in dealing with New York.

SCHEDULE A

*Paragraph 1*

Was accepted as such.

*Paragraph 2*

The part reading "not . . . . . but" was deleted, in case the Government of Canada would like to appoint an official such as a university professor or a former "dollar a year" man who was, or had been, related in some way to the public services.

*Paragraphs 3, 4, 5 and 6*

Were accepted as such.

*Paragraph 7*

The part "At least once a year" was changed to read "at least twice a year" to assure more efficiency on the part of the Commission.

*Paragraphs 8, 9, 10, 11 and 12*

Were accepted as such.

A revised draft (Sept. 18th) was prepared and agreed to by all present.

The United States delegation then asked what were Canada's views on the question of fractional voting. The representatives of both the Canadian and

Ontario governments agreed that voting should remain as stipulated in the current draft and should not be fractional. Mr. Parsons stated that they would use this statement as a guide in future discussions with the states interested.

It was clear that certain states were not happy about the provisions in the present draft dealing with membership and voting, and might try to revert to the earlier proposal for fractional voting. The strong views held by both the Canadian and Ontario governments would be used by the State Department as an argument in favour of accepting the present draft.

It was agreed that the United States Government should discuss the September 18th draft with the interested states and inform the Canadian Government of the results of these discussions.

C. C[HATILLON]

**1071.** DEA/9130-40

*Le conseiller, l'ambassade aux États-Unis, au secrétaire d'État aux Affaires extérieures*

*Counsellor, Embassy in United States, to Secretary of State for External Affairs*

DESPATCH 2560 Washington, October 31, 1945

Sir:

I have the honour to refer to my despatch No. 2488 of October 20† concerning the progress of discussions between the federal authorities and the interested States in connection with the draft Great Lakes Fisheries Convention as drawn up in Ottawa on September 18 and 19.

2. Representatives of the State Department and the Fish and Wild Life Service met yesterday afternoon with a member of this Embassy to inform us officially of the results of these discussions and of the inter-departmental meeting mentioned in paragraph 4 of my despatch under reference. Two documents (enclosed) were furnished for transmission to the Canadian Government: (a) "Resolutions of Representatives of the Great Lakes, October 15, 1945"† embodying the proposal mentioned in paragraph 3 of my despatch No. 2488 and (b) a revised version of the Draft Convention of September 19,† containing alterations submitted by the State Department and the Fish and Wild Life Service as the minimum changes which they think may make the Draft Convention acceptable to the States concerned.

3. With regard to (a), it is obvious that the federal authorities are hoping that Canada will register strong disapproval. Mr. Parsons pointed out that, while the "Resolutions" urge the State Department to negotiate with Canada for the substitution of this proposal regarding representation on the Commission, the State Department should not be considered as backing it in any way. It is merely being submitted for our information and comment, as it represents a serious new development in the situation. Mr. Parsons also remarked that it would no doubt be obvious to us that this proposal would mean that whenever

one lake only was concerned, Ontario would in effect have two members to the Dominion Government's one.

4. Later on it was pointed out that the main objection to this proposal is that it would radically alter the nature of the Commission. Instead of a more or less permanent body picked for their general competence and interest in the subject, it would become a group fluctuating between four and six members; the extra States' representatives for individual lakes being specifically appointed as representatives of special interests and to that extent changing its character. The Commission might also be assumed to be less efficient in the new form.

5. With regard to (b), the following revisions have been suggested and are contained in the enclosed copy:

No. 2560.

(1) *Article I.* Treatment of the international section of the St. Lawrence as a separate lake (with its own advisory committee).

(2) *Para. 3 of Schedule "A".* Division of paragraph into three sections, the second being a new provision ensuring that the advisory committees have a 45-day period within which to review any proposed regulations before their submission to the respective governments. Other minor changes (page 3, lines 1, 4 and 6) relate to the emergency powers of the Commission.

The purpose of this amendment is to placate New York and the other States (Pennsylvania, Indiana and possibly Minnesota) who feel that the advisory committees are not of any real significance and are an inadequate substitute for representation of special interests on the Commission.

(3) *Schedule "A", page 3, line 7.* Substitution of "making" for "adopting". Merely a formal alteration in interests of uniformity.

(4) *Para. 11 of Scheule "A".* Deletion of reference to St. Lawrence, in line with suggested amendment of Article I of the Draft Convention.

6. These amendments have not been discussed with the States, and Mr. Parsons is none too sure of the reception which they might receive. Before going any further, however, the State Department would like to be informed of the Canadian reaction to both documents enclosed. They are most anxious to have this information as soon as possible, because it is feared that Ohio is ready to start a public campaign in opposition to the whole scheme in the very near future, and this may be dangerous unless the State Department are in a position to take counter measures on their side.

7. With further reference to the information contained in my previous despatch, Mr. Parsons said that, at the meeting of the States' representatives, no vote had been taken on the Draft Convention. Illinois (absent) is known to be in favour of it, Ohio to be opposed to any Convention. Michigan and Wisconsin disapproved of the "Resolutions" (enclosure (a) and are presumably for the Draft. Minnesota approved the "Resolutions" but is thought to have simply followed the majority at the meeting without any strong objections to the Draft. The only significant opposition therefore was New York, supported by Pennsylvania and Indiana.

8. At the time of this meeting on October 16, Mr. Parsons impressed upon the States that the Draft was the result of protracted negotiations between the Dominion authorities and Ontario, and that, in the interests of achieving a Convention, it would be inadvisable to reopen these negotiations if this could possibly be avoided.

I have etc.

THOMAS A. STONE

**1072.** DEA/5134-D-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures à l'ambassadeur au Mexique*

*Acting Under-Secretary of State for External Affairs to Ambassador in Mexico*

Ottawa, November 7, 1945

Dear Dr. Keenleyside,

I refer to your letter of October 16' asking about the Canadian reply to the United States Statement of Policy on Coastal Fisheries.

The United States issued its declaration of policy unilaterally by White House Press Release on September 28. I enclose a copy of the statement.[175]

The Canadian reply has not yet been approved. As noted in my letter of August 8,' it was felt that the reply as drafted following your discussions with officials of the Department on your visit to Ottawa last spring would constitute approval of a change in international law and therefore needed ministerial approval. Due to the pressure of other business, the matter has proceeded no further.

We received a letter from the French Ambassador under date of August 28' expressing concern over the United States Statement and enquiring as to our views. I enclose for your information a copy of the Ambassador's letter and our reply of September 14.'

Yours sincerely,

R. M. M[ACDONNELL]
for Acting Under-Secretary of State
for External Affairs

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[175]Voir États-Unis./See United States, *Foreign Relations of the United States*, 1945, volume II. Washington, U.S. Government Printing Office, 1967, pp. 1528-30.

**1073.** DEA/9130-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-3909 Ottawa, November 14, 1945

Reference telephone conversation between Macdonnell and Collins on November 13th about Great Lakes Fisheries Convention.

State Department can be informed that their proposed changes as summarized in Paragraph 5 of your despatch No. 2560 of October 31st are acceptable to the Canadian Government. We discussed them today with the Deputy Minister of Fisheries and it was agreed between us that if these changes will help the State Department to obtain the support of the States, the Canadian Government should concur.

You should make it clear to the State Department that there has not been an opportunity to obtain the views of the Province of Ontario. We are endeavouring to obtain their views as rapidly as possible and are hopeful that they will concur.

**1074.** DEA/9130-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs to Ambassador in United States*

TELETYPE EX-4008 Ottawa, November 23, 1945

Reference EX-3909 of November 14th, Great Lakes Fisheries Convention.

Please inform the State Department that the Province of Ontario is agreeable to the proposed changes given in Paragraph 5 of your despatch No. 2560 of October 31st.

Although the State Department are well aware of this, it will do no harm to remind them that any change in the nature or composition of the Commission would be strongly resisted here. The "resolutions of representatives of the Great Lakes, October 15th, 1945"' would not be acceptable and it is to be hoped that the States concerned will not press the issue.[176]

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[176]La Convention fut signée à Washington le 2 avril 1946. Canada, *Recueil des traités*, 1946, N° 13.
The Convention was signed at Washington on April 2, 1946. Canada, *Treaty Series*, 1946, No. 13.

## PARTIE 5/PART 5
## CHASSE PÉLAGIQUE DU PHOQUE
## PELAGIC SEALING

**1075.** DEA/387-40

*Procès-verbal d'une réunion entre des représentants des États-Unis et du Canada*

*Minutes of Meeting between Representatives of United States and Canada*

SECRET Ottawa, October 5, 1945

INFORMAL DISCUSSION ON PELAGIC SEALING HELD IN OTTAWA, SEPTEMBER 20, 1945

An informal meeting between United States and Canadian officials was held on September 20th to exchange views with regard to fur seals in the Pacific Ocean. The United States group asked that the discussion be considered unofficial and kept purely on an exploratory basis. This met with general approval.

*Present:*

*United States:*
Department of State: Messrs. Parsons, Bishop, Bevans, Flory, and Miss Shreve.
Fish and Wildlife Service: Messrs. Gabrielson, Chaney, and Linville.

*Canada:*
Department of External Affairs: Messrs. Macdonnell, Hopkins and Chatillon.
Department of Fisheries: Messrs. Finn, Sutherland, Whitmore and Ozere.

*Time:* 1030 hrs.

*Place:* Library (Legal Division)

*Chairman:* Mr. Macdonnell

It was agreed by all that with the end of hostilities, the problem of pelagic sealing should be reviewed in the light of recent political developments.

The United States group sketched out the Treaty position from their own point of view. The 1942 Fur Sealing Agreement[177] was an interim measure providing for temporary arrangements to terminate 12 months after the emergency period ceased. It would therefore be highly desirable to conclude an agreement of a permanent nature in the near future.

The following points were advanced:

(a) It would be desirable to have a new and permanent Convention to replace the old 1911 Convention.[178]

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[177]Canada, *Recueil des traités*, 1942, N° 25.
See Canada, *Treaty Series*, 1942, No. 25.
[178]Grande-Bretagne/Great Britain, *Treaty Series*, 1912, No. 2.

(b) Canada, the U.S.S.R. and the United States of America should participate in it.

(c) A section protecting sea otters should be inserted in the new Convention.

(d) Consideration would have to be given to the policy to be adopted towards Japan.

The four points raised by the United States representatives met with general approval from the Canadian side. However, it was pointed out that Soviet views on this matter were not known and that clearly every effort should be made to secure Soviet cooperation and to bring them into the discussions at an opportune time.

Dr. Gabrielson outlined the history of the seal industry in the Pacific, the difficulties involved and the possible measures that might be taken for the protection and expansion of the seal herds. The 1940 survey revealed that there were from 4 to 5 million seals around the Pribilof Islands, off Alaska, while in 1910 and 1911 this industry was not considered profitable and the herd was approaching extinction. In 1941, the United States Government killed 71,000 seals in the area, restricting the kill to 3-year-old males. This was a successful commercial enterprise. It is clear that the herd can be protected and built up to its maximum so as to provide a productive and profitable natural resource. The United States is continuing to study the problem of the composition and breeding of the herd.

With regard to sea otters, Dr. Gabrielson stated that as a result of strict conservation measures the numbers of these animals on the Alaskan Coast and the Aleutian Islands had increased from something close to zero up to some six to ten thousand. The additional protection (in non-territorial waters) which would be afforded by a treaty would assist the further increase of these extremely valuable fur-bearing animals once practically extinct. He thought it likely that they would spread south and reach the British Columbia coast.

There was a discussion of the treatment that should be accorded Japan, which was a signatory of the 1911 Convention and received 15% of the take of the Pribilof seals. It was clearly the view of the Fish and Wildlife Service that Japanese interests should be excluded from sealing operations in the Pribilof Islands, and should receive no compensation. On the other hand, it was pointed out by the Canadian group that there were aspects of this complex problem that required careful study. The statements made during the war by the United Nations about permitting access on a non-discriminatory basis to the natural resources of the world, in the pursuit of peaceful trade, would have to be borne in mind in relation to any prohibition of Japanese sealing. It was learned that the State Department were exploring the question and considering various alternatives. One was to write into the peace treaties a flat prohibition against Japanese sealing operations in the Pribilofs. Some support emerged during the discussion for the view that in the long run a decision imposed in a peace treaty might not be the procedure best calculated to secure the cooperation of the Japanese over the years. Another alternative being examined by the State Department was to agree to continue to turn over to the Japanese the 15% of

the catch which they had received under the 1911 Convention, but to link this with Japanese reparations in such a way as to use the proceeds as a fund from which to pay Canadian and United States war claims against Japan. No conclusions were reached beyond the obvious one that this was an exceedingly thorny question which required a good deal of further study.

*Conclusions*

There was general agreement on the following points:

(a) There is need for a Permanent Convention to replace the Convention of 1911.

(b) The adherence of the U.S.S.R. should be secured, if possible.

(c) Protection for sea otters should be included in the Convention.

(d) The policy to be adopted with regard to Japan should be the subject of further study by both Governments.

(e) In order to obtain, if possible, an indication of the probable views of the Soviet Government, the Canadian and United States Embassies in Moscow should be asked for their opinions as to the Soviet attitude towards signing a new convention. It was agreed that it would not be desirable at this stage to ask the Soviet Government for their views, even informally, but that the opinions of the two Embassies might be helpful. The next step would be for the United States to prepare a draft Convention and submit it simultaneously to Canada and the U.S.S.R. Canada and the United States would keep in close informal touch throughout.

(f) For the purposes of Article VIII of the 1942 Fur Sealing Agreement, these discussions were to be regarded as constituting consultation. In all other respects, as stated in the opening paragraph of this memorandum, the discussions were to be regarded as unofficial, exploratory, and confidential.

**1076.** DEA/387-40

*Le chargé d'affaires en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 474 Moscow, November 20, 1945

SECRET

Sir,

I have the honour to refer to your despatch No. 252 of October 9th,[1] concerning the question of fur seal fisheries in the North Pacific. According to your suggestion, I approached the United States Embassy with a view to ascertaining their views as to what will likely be the attitude of the Soviet authorities towards signing a new Convention. Unfortunately, the United States Embassy has received nothing from the State Department as yet; and, in the absence of the relevant information, they were not in a position to give their

opinion on the subject. However, they have promised to get in touch with me if and when the State Department asks them to undertake this study.

2. Meanwhile, I am enclosing a short memorandum built, for a good part, on a conversation which I had with Mr. Wilgress just before his departure for London. I hope it will be of some assistance in the negotiations which are to take place.

I have etc.

LÉON MAYRAND

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum du chargé d'affaires en Union soviétique*
*Memorandum by Chargé d'Affaires in Soviet Union*

[Moscow,] November 20, 1945

POSSIBLE SOVIET ATTITUDE TOWARDS NEW SEALING CONVENTION

1. The Soviet Union has a concrete interest in the seals of the Northern Pacific and, consequently, should not be disinclined to cooperate in measures for maintaining the herds.

2. It appears from a "memorandum for Dr. Skelton" dated May 9th, 1938,[1] (on file at the Department) that the last Russian delivery of skins to Canada was made on August 23rd, 1922, by the Provisional Government at Vladivostok, this being only a small part of Canada's share of the 1920 catch; also that there had been no Russian delivery of skins to Japan since 1919. I assume that no Russian deliveries have been made since the time when the aforesaid memorandum was written.

Strictly speaking, an accounting could be required from the Soviet authorities for all the years covered by the Convention for which no returns have been given. In practice, however, it seems that nothing would be gained by making such a demand. It is clear that the Soviet authorities are not interested in giving skins and that they would find legal or other arguments for still avoiding to do so.

This past attitude of the Soviet authorities leads me to believe that they would not easily subscribe to a convention providing for the inter-delivery of skins, as the Convention of 1911 did.

3. In view of its recent acquisition of the Robben and Kurile Islands, Soviet Russia now exercises sovereignty over all the breeding islands on the western side of the Bering Sea. In these circumstances, the Soviet approach to the problem may be to divide responsibilities in two parts. On the one hand, the Soviet Union would be responsible for the seals in the western half of the

Bering Sea and North Pacific Ocean. On the other hand, the United States and Canada would be responsible for the seals in the eastern half of the same waters. Soviet patrols would have nothing to do in the American-Canadian zone, and vice versa.

4. As for Japan, it is not improbable that the Soviet Union will suggest a clause in the peace treaty, which would debar Japan from any sort of participation in the new sealing arrangements. I agree with the view expressed at the Canadian-United States meeting of September 20th, viz. "that in the long run a decision imposed in a peace treaty might not be the procedure best calculated to secure the cooperation of the Japanese over the years." Moreover, the exclusion of the Japanese now that they have ceased to exert sovereignty over the Robben and Kurile Islands, might have the effect of weakening our own case, in as much as Canada is also without sovereignty of any of the breeding islands. The idea of linking the Japanese share with reparations appears wiser as well as more conformable to justice.

5. In the circumstances, I feel that the Soviet Union would best accept some of the principles proposed by the United States to Japan in 1941, which could now be set forth as follows:—

(a) A clear separation of the North Pacific Ocean and Bering Sea into east and west areas, the western area to be allotted to the Soviet Union — with limited hunting seasons fixed according to areas and regulations of hunting seasons.

(b) Pelagic sealing to be regulated by the respective Governments in the areas allotted to them under the new Covention; the taking of seals on land to be regulated by the sovereign powers thereof.

(c) No division to be made of the fur seals taken on land or at sea by the Soviet Union to the United States and Canada on the one hand, and by the United States and Canada to the Soviet Union on the other hand.

6. It is realized that the above principles do not cover the Japanese aspect of the problem. Nevertheless, the Soviet Union might be induced to accept an arrangement which would recognize the Japanese right to share in the skins of the western zone, but which would leave those skins in Soviet hands as reparations.

## PARTIE 6/PART 6
## VOIES D'EAU, FRONTIÈRE ET SOUVERAINETÉ
## WATERWAYS, THE BOUNDARY AND SOVEREIGNTY

### SECTION A
### FLEUVE COLUMBIA
### COLUMBIA RIVER

**1077.** DEA/5724-40

*L'ambassadeur des États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of United States*
*to Secretary of State for External Affairs*

No. 101 Ottawa, February 25, 1944

Sir:

I have the honor to refer to your note No. 157 of December 10, 1943,[179] concerning the desirability of having a study made by the International Joint Commission with respect to the Upper Columbia River Basin from the points of view of navigation, power development, irrigation, flood control, and other beneficial public uses and purposes.

As the result of informal exchanges of views on this subject I have been directed to bring the following suggested reference to the Commission to your attention with the request that I be informed whether it is acceptable to the Government of Canada:

"1. In order to determine whether a greater use than is now being made of the waters of the Columbia River system would be feasible and advantageous, the Governments of the United States and Canada have agreed to refer the matter to the International Joint Commission for investigation and report pursuant to Article IX of the Convention concerning Boundary Waters between the United States and Canada, signed January 11th, 1909.

"2. It is desired that the Commission shall determine whether in its judgment further development of the water resources of the river basin would be practicable and in the public interest from the points of view of the two Governments, having in mind (A) domestic water supply and sanitation, (B) navigation, (C) efficient development of water power, (D) the control of floods, (E) the needs of irrigation, (F) reclamation of wet lands, (G) conservation of fish and wildlife, and (H) other beneficial public purposes.

"3. In the event that the Commission should find that further works or projects would be feasible and desirable for one or more of the purposes indicated above, it should indicate how the interests on either side of the boundary would be benefited or adversely affected thereby, and should

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[179]Volume 9, document 1284./Volume 9, Document 1284.

estimate the costs of such works or projects, including indemnification for damage to public and private property and the costs of any remedial works that may be found to be necessary, and should indicate how the costs of any projects and the amounts of any resulting damage should be apportioned between the two Governments.

"4. The Commission should also investigate and report on existing dams, hydro-electric plants, navigation works, and other works or projects located within the Columbia River system in so far as such investigation and report may be germane to the subject under consideration.

"5. In the conduct of its investigation and otherwise in the performance of its duties under this reference, the Commission may utilize the services of engineers and other specially qualified personnel of the technical agencies of Canada and the United States and will so far as possible make use of information and technical data heretofore acquired by such technical agencies or which may become available during the course of the investigation, thus avoiding duplication of effort and unnecessary expense."

If the proposed reference is acceptable to your Government I should appreciate being informed, and this note together with your reply would be regarded as an agreement between our two Governments on the terms of reference.

Accept etc.

RAY ATHERTON

**1078.** DEA/5724-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs*
*to Ambassador of United States*

No. 18 Ottawa, March 3, 1944

Excellency —

I have the honour to refer to your note No. 101 dated February 25, 1944, in which you brought to the attention of the Canadian Government the terms of a reference to the International Joint Commission with respect to the Upper Columbia River Basin.

The proposed reference is acceptable to the Canadian Government and your note, together with this reply, may be regarded as an agreement between our two Governments on the terms of reference.

Accept etc.

N. A. ROBERTSON
for Secretary of State
for External Affairs

## SECTION B
## EAUX CÔTIÈRES
## COASTAL WATERS

**1079.** DEA/10471-40

*Le premier secrétaire, l'ambassade des États-Unis, au conseiller juridique*

*First Secretary, Embassy of United States, to Legal Adviser*

Ottawa, October 18, 1944

Dear Mr. Read:

About a year ago you handed us a revised draft note on Line A-B.[180] Your draft, after careful consideration by officers of the Department of State, and after informal consultation with you and Mr. Max Wershof, has been revised, and I enclose herewith a copy of the revised draft.[1] This revised draft differs from the draft received from you in the following respects:

"(1) By Article I of the draft received it was provided that should either Government hereafter declare that the doctrine of historic waters applied to any part of the waters contiguous to the waters of the coast of Alaska or British Columbia, such waters would continue to be open to the vessels, etc. of the two countries. At the time that this phraseology was first embodied in a draft it was thought that Dixon Entrance might be declared historic waters at some future time. Since the two Governments by the agreement as now drafted would resolve the status of Dixon Entrance, the provision with respect to a future declaration on the subject becomes unnecessary and it is accordingly eliminated.

"(2) Article I of the draft received refers to measures being taken by the two Governments for the defence of 'the northern half of the Western Hemisphere.' The northern half of the Western Hemisphere extends south of the United States and for this reason these words have been changed to read 'the northern part of the Western Hemisphere.'

"(3) Having in mind the inapplicability of the reference to historic waters which constituted the greater part of Article I, the draft has been simplified (a) by incorporating in a preamble the references in Article I to defence measures and to existing rights, and (b) by omitting Article I as it appeared in the earlier draft.

"(4) There is also contained in the preamble a new provision that the two Governments conclude the agreement 'without interfering in anywise with the right of innocent passage of vessels of other states through the areas referred to in Article I hereof.' This change is in accordance with the informal discussions between officials of the two Governments.

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[180]Volume 9, pièce jointe, document 1250./Volume 9, enclosure, Document 1250.

"(5) Article I of the revised draft omits all reference to 'adjacent' waters and refers simply to the specific bodies of water by name as they lie to the north and south of the limits of Dixon Entrance, as defined in Article I, paragraph 3. These changes, however, do not alter the reciprocal rights in these waters accorded by Article II of the Canadian draft. For convenience in studying the changes incidental to omission of references to adjacent waters there follows a text of Article I, following the portion thereof which describes the boundary, with omissions overlaid with dashes[181] and additions underlined:[182]

"It is further agreed that the waters of Dixon Entrance include the waters south of the line AB and north of a line drawn between the Canadian Geodetic stations Tow Hill on Graham Island and Stephens on Stephens Island, [and that, for the purpose of this Agreement, the adjacent waters include the waters of Revillagigedo Channel south of the lighthouse on Mary Island, and of Clarence Strait south of Wedge Island and of Cordova Bay south of Kaigani Point and of Hecate Strait south of a line drawn between Tow Hill and Stephens, and the waters between a straight line from Cape Muzon and Langara Point and the high seas.]

"It is hereby declared that the waters of Dixon Entrance are [historic] *national* waters *of Canada and of the United States of America* and that [the part of] such *of the* waters [which is] *as are* north of the boundary [is included within the territorial] *are national* waters of the United States of America, and that [the part of] such *of the* waters [which is] *as are* south of the boundary [is included within the territorial] *are national* waters of Canada.

"It is further agreed that the part of the waters of Dixon Entrance and the fisheries thereof which are north of the boundary, and which are more than one marine league distant from the coast of the United States of America, *measured from mean lower low water*, will be open to the vessels, aircraft and nationals of Canada, who may use and enjoy such waters and fisheries upon a basis of equality with the vessels, aircraft and nationals of the United States of America; and that the part of the waters of Dixon Entrance and the fisheries thereof which are south of the boundary and which are more than one marine league distant from the coast of Canada, *measured from mean lower low water*, will be open to the vessels, aircraft and nationals of the United States of America, who may use and enjoy such waters and fisheries upon a basis of equality with the vessels, aircraft and nationals of Canada.

"It is further agreed that the [parts of the adjacent] waters of *Revillagigedo Channel south of the lighthouse on Mary Island, of Clarence Strait south of Wedge Island and of Cordova Bay south of Kaigani Point* [and the fisheries thereof] which are north of the line AB, and which are more than one marine league distant from the coast of the United States of America, *measured from mean lower low water, and the fisheries thereof*, will be open to the vessels, aircraft and nationals of Canada, who may use and enjoy such waters and fisheries on a basis of equality with the vessels, aircraft and nationals of the

[181]Entre crochets ici./In square brackets here.
[182]En italiques ici./In italics here.

United States of America; and that the [parts of the adjacent] waters of *Hecate Strait* [and the fisheries thereof] which are south of [the] *a* line drawn between Tow Hill and Stephens and which are more than one marine league distant from the coast of Canada, *measured from mean lower low water, and the fisheries thereof*, will be open to the vessels, aircraft and nationals of the United States of America, who may use and enjoy such waters and fisheries upon a basis of equality with the vessels, aircraft and nationals of Canada, [and that the adjacent waters and fisheries thereof which are between a straight line from Cape Muzon and Langara Point and the high seas and are more than one marine league distant from the coast of either country will be open to the vessels, aircraft and nationals of both countries on a basis of equality.]

"(6) The third and fourth paragraphs of the description of the boundary vary from the corresponding paragraphs of the draft enclosed with the despatch of October 1. The description contained in the present draft closely approximates an earlier suggestion on the part of this Government, and varies only slightly from an earlier Canadian description. The turning points indicated are located on straight lines connecting existing reference monuments. For the sake of clarity there has been added, immediately following the description of the boundary, the following sentence: '(The above geodetic positions are on the North American datum of 1927.)'

"(7) It is declared in the present draft that the waters of Dixon Entrance 'are national waters of Canada and of the United States of America.'

"(8) In order that the base line or coastline from which one marine league is measured may be known, the phrase 'measured from mean lower low water' has been inserted in the appropriate places in Articles I and II.

"(9) The final paragraph of the draft relates to the putting into effect of the agreement. It has been decided by the Department that it is desirable to submit the agreement to the Senate of the United States for its approval. You may inform the Department of External Affairs that this Department is willing that the formula be revised to suit Canadian wishes, subject to the understanding that the agreement is not to be regarded as effective prior to approval of our Senate."

I should appreciate receiving your reaction to this draft.

Sincerely yours,

LEWIS CLARK

**1080.** DEA/10471-40

*Le chargé d'affaires, l'ambassade des États-Unis,*
*au conseiller juridique*

*Chargé d'Affaires, Embassy of United States,*
*to Legal Adviser*

Ottawa, February 12, 1945

Dear Mr. Read:

You will recall my letter to you of October 18, 1944, enclosing a revised draft note on Line A-B. I conveyed your oral comments on the revised draft to the Department of State and I have now been informed that as the geographic description of the boundary line in Dixon Entrance departed from the earlier Canadian draft for technical reasons only, my Government is prepared to revert to the Canadian proposal for the extension of the boundary line as set forth in your proposals of September 1943. That description, with the insertion of the equivalent in feet of the lengths given in meters, reads as follows:

"From the entrance to the Portland Channel at the Point B in latitude 54° 42′ 27″.933 North and longitude 130° 36′ 50″.047 West of Greenwich, by a line 4,550 meters (14,927.8 feet) in length with an initial bearing of South 30° 36′ 00″ West to Turning Point 1 in latitude 54° 40′ 21″.261 and longitude 130° 38′ 59″.287;

thence by a line 32,082.45 meters (105,257.2 feet) in length with an initial bearing of North 83° 00′ 00″ West to Turning Point 2 in latitude 54° 42′ 24″.082 and longitude 131° 08′ 37″.639;

thence by a line 63,376.86 meters (207,928.9 feet) in length with an initial bearing of South 63° 44′ 55″.593 West to Turning Point 3 in latitude 54° 27′ 06″.062 and longitude 132° 01′ 12″.289;

thence by a line 55,324.77 meters (181,511.3 feet) in length with an initial bearing of North 88° 41′ 04″.577 West to Turning Point 4 in Latitude 54° 27′ 36″.303 and longitude 132° 52′ 22″.648;

thence by a line to the high seas at right angles to the line joining Langara Point lighthouse with Reference Monument No. 1 on Cape Muzon, with an intial bearing of North 62° 05′ 25″.38 West.

(The above geodetic positions are on the North American datum of 1927)

Should the Canadian authorities feel that any other of the changes made by my Government in the draft submitted in October last may give rise to difficulties, or are not for any other reason desirable, I have been directed to say that the Department of State would be entirely willing to give consideration to your views.

You will recall my oral comment to you earlier this year that although we realize you may not wish to attempt formal action on Line A-B at the moment, we deem it desirable to place the matter in such shape that final action could be taken whenever the situation seemed favourable. May I suggest, therefore, that active consideration be given to this matter with the idea that we will

agree upon an exchange of notes but not actually effect the exchange until such time as may be mutually agreeable to both Governments.

Sincerely yours,

LEWIS CLARK

**1081.** W.L.M.K./Vol. 420

*Nouveau projet de note*
*Revised Draft Note*

[September 7, 1945]

APPENDIX A

REVISED DRAFT NOTE REGARDING DIXON ENTRANCE AND THE STRAIGHT OF JUAN DE FUCA

Excellency,

I have the honour to refer to correspondence between your Government and the Government of Canada and to conversations between officers of our two Governments regarding the remaining unsettled boundary questions on the Pacific Coast, and to propose that an understanding should be reached in the following terms:

Having in mind the measures being taken jointly and severally by the two Governments for the defence of the northern part of the Western Hemisphere; and recognizing that it would be undesirable to impair or augment in any way the rights which the nationals of each country now enjoy in the waters of the other country dealt with in the present agreement, including the right to engage in the fisheries thereof, or to interfere in any wise with the right of innocent passage of vessels of other states through the areas referred to in Article I hereof, the Government of the United States of America and the Government of Canada agree upon the following Articles:

I

It is agreed and declared that the line which is referred to as "the line marked AB" in the decision of the Alaskan Boundary Tribunal dated October 20, 1903, being a line in Dixon Entrance from Cape Muzon to the entrance to the Portland Channel, allocated all land to the north thereof to the United States of America, and all land to the south thereof to Canada.

It is further agreed to extend the boundary between Canada and the United States of America, hereinafter in this Article referred to as the boundary, as follows:

From the entrance to the Portland Channel at the Point B in latitude 54° 42′ 27″.933 North and longitude 130° 36′ 50″.047 West of Greenwich, by a line 4,550 meters (14,927.8 feet) in length with an initial bearing of South 30° 36′ 00″ West to Turning Point 1 in latitude 54° 40′ 21″.261 and longitude 130° 38′ 59″.287;

thence by a line 32,082.45 meters (105,257.2 feet) in length with an initial bearing of North 83° 00′ 00″ West to Turning Point 2 in latitude 54° 42′ 24″.082 and longitude 131° 08′ 37″.639;

thence by a line 63,376.86 meters (207,928.9 feet) in length with an initial bearing of South 63° 44′ 55″.593 West to Turning Point 3 in latitude 54° 27′ 06″.062 and longitude 132° 01′ 12″.289;

thence by a line 55,324.77 meters (181,511.3 feet) in length with an initial bearing of North 88° 41′ 04″.577 West to Turning Point 4 in Latitude 54° 27′ 36″.303 and longitude 132° 52′ 22″.648;

thence by a line to the high seas at right angles to the line joining Langara Point lighthouse with Reference Monument No. 1 on Cape Muzon, with an initial bearing of North 62° 05′ 25″.38 West.

(The above geodetic positions are on the North American datum of 1927.)

It is further agreed that the waters of Dixon Entrance include the waters south of the line AB and north of a line drawn between the Canadian Geodetic stations Tow Hill on Graham Island and Stephens on Stephens Island.

It is hereby declared that such of the waters of Dixon Entrance as are north of the boundary are national waters of the United States of America, and that such of the waters as are south of the boundary are national waters of Canada.

It is further agreed that the part of the waters of Dixon Entrance and the fisheries thereof which are north of the boundary, and which are more than one marine league distant from the coast of the United States of America, measured from mean lower low water, will be open to the vessels, aircraft and nationals of Canada, who may use and enjoy such waters and fisheries upon a basis of equality with the vessels, aircraft and nationals of the United States of America; and that the part of the waters of Dixon Entrance and the fisheries thereof which are south of the boundary and which are more than one marine league distant from the coast of Canada, measured from mean lower low water, will be open to the vessels, aircraft and nationals of the United States of America, who may use and enjoy such waters and fisheries upon a basis of equality with the vessels, aircraft and nationals of Canada.

It is further agreed that the waters of Revillagigedo Channel south of the lighthouse on Mary Island, of Clarence Strait south of Wedge Island and of Cordova Bay south of Kaigani Point, which are north of the line AB, and which are more than one marine league distant from the coast of the United States of America, measured from mean lower low water, and the fisheries thereof, will be open to the vessels, aircraft and nationals of Canada, who may use and enjoy such waters and fisheries on a basis of equality with the vessels, aircraft and nationals of the United States of America; and that the waters of Hecate Strait which are south of a line drawn between Tow Hill and Stephens and which are more than one marine league distant from the coast of Canada, measured from mean lower low water, and the fisheries thereof, will be open to the vessels, aircraft and nationals of the United States of America, who may use and enjoy such waters and fisheries upon a basis of equality with the vessels, aircraft and nationals of Canada.

II

It is agreed and declared that the waters of the Strait of Juan de Fuca to the east of the line from Tatoosh Island lighthouse to Bonilla Point are national or inland waters of Canada and of the United States of America, and that there is a contiguous belt of territorial waters to the west of that line which connects the belts of territorial waters adjacent to the coasts of the Province of British Columbia and the State of Washington.

It is further agreed to extend the boundary between Canada and the United States of America as follows:

From Turning Point 12 midway on a line between Tatoosh Island lighthouse and Bonilla Point, at right angles to that line, with an initial bearing of North 86° 26′ 40″ West to the high seas.

It is further agreed that the waters and fisheries thereof which are between a straight line from Tatoosh Island lighthouse to Bonilla Point and the high seas and more than one marine league distant from the coast of either country, measured from mean lower low water, will be open to the vessels, aircraft and nationals of both countries on a basis of equality.

III

It is agreed that the Commissioners appointed under the provisions of the Boundary Treaty of April 11, 1908,[183] and acting also under the provisions of the Boundary Treaty of February 24, 1925,[184] will have authority to do all things which they deem necessary in the way of the establishment of monuments, making of surveys and publication of maps and reports, to give effect to the provisions of these Articles.

It is understood that the Government of the United States of America desires to obtain the approval of the United States Senate before making the proposed agreement effective. I, therefore, have the honour to suggest that if the foregoing provisions are acceptable to the Government of the United States of America, this note and your reply thereto, when approved by the United States Senate and by the Parliament of Canada, will be regarded as placing on record the understandings arrived at between our two Governments.

Accept etc.

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[183]Canada, *Treaties and Agreements Affecting Canada in Force between His Majesty and the United States of America 1814-1925*. Ottawa, King's Printer, 1927, pp. 299-30.

[184]*Ibid*, pp. 515-9.

**1082.** PCO

*Extrait des conclusions du Cabinet*
*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] September 13, 1945

. . .

BOUNDARY QUESTIONS AFFECTING CANADIAN WATERS IN THE PACIFIC

12. THE SECRETARY submitted a memorandum from the Department of External Affairs, also a draft note[†] to the U.S. government regarding the international boundary in Dixon Entrance and the Strait of Juan de Fuca.

After a careful examination of the questions involved by representatives of the Departments of Fisheries, Justice, National Defence (Navy), Mines and Resources and External Affairs, it was recommended that it be proposed to the United States that a new line of demarcation be established in Dixon Entrance to constitute the boundary between the two countries and that a U.S. proposal for the extension of the international boundary in the Strait of Juan de Fuca be accepted.

Maps illustrating these proposals were circulated for examination.[185]

An explanatory memorandum and the draft note had been circulated.

(External Affairs memorandum[186] and appendices, Sept.7, 1945 — Cabinet Document 59).

13. THE CABINET, after discussion, approved settlement with the United States of these two boundary questions on the basis of the draft note submitted, subject to assurance being obtained as to the attitude of the government of British Columbia.

**1083.** DEA/10471-40

*Télégramme du Premier ministre de la Colombie-Britannique au Premier ministre*

*Telegram from Premier of British Columbia to Prime Minister*

Victoria, December 14, 1945

Respectfully request that no action be taken by your government regarding fishing rights and proposed changes in boundaries on the west coast of British Columbia without an opportunity being given our government to make representations for the protection of the rights of our citizens. Stop. I shall be pleased to have assurances from you accordingly. Stop. Please see communica-

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[185]Voir le volume 9, pages de garde./See Volume 9, endpapers.
[186]Volume 12, pièce jointe 2, document 903./Volume 12, enclosure 2, Document 903.

tion addressed to the honourable Ian Mackenzie by our Attorney General and dated January 20, 1942.[187]

JOHN HART

**1084.** DEA/10471-40

*Le Premier ministre*
*au Premier ministre de la Colombie-Britannique*

*Prime Minister*
*to Premier of British Columbia*

Ottawa, December 19, 1945

My dear premier:

I duly received your telegram of December 14, concerning fishing rights and possible boundary modifications on the west coast of British Columbia.

The matter has been discussed with the Minister of Fisheries and with the appropriate officials of the Department of External Affairs, and I am glad to be able to assure you that no definite action will be taken by the Canadian government without opportunity being provided for the government of British Columbia to make its views known.

Yours sincerely,
W. L. MACKENZIE KING

**1085.** DEA/10471-40

*Le ministre des Affaires des anciens combattants*
*au conseiller juridique, le ministère des Affaires extérieures*

*Minister of Veterans Affairs*
*to Legal Adviser, Department of External Affairs*

CONFIDENTIAL Ottawa, December 22, 1945

Dear Mr. Read:

As a result of your message to me of December 6th, I took up the question of the suggested boundary alterations with the Provincial Government.

My communication to them was marked confidential and Premier Hart did not feel that he could treat it in any other way. Accordingly he got in touch with me by telephone and indicated that the Provincial Government of British Columbia was unalterably opposed to the suggested changes. As a result of that attitude I must advise that it would be bad policy for the Government of Canada to proceed with these negotiations at the present time. Otherwise I feel convinced that there would be a clash between the Provincial and the Federal Governments which, of course, would be most unfortunate.

Yours very truly,
IAN MACKENZIE

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[187]Volume 9, la pièce jointe, document 1241./Volume 9, enclosure, Document 1241.

## SECTION C

## SOUVERAINETÉ DANS L'ARCTIQUE
## SOVEREIGNTY IN THE ARCTIC

**1086.** DEA/9057-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au directeur, le bureau des terres, des parcs et des forêts,*
*le ministère des Mines et des Ressources*

*Under-Secretary of State for External Affairs*
*to Director, Lands, Parks and Forests Branch,*
*Department of Mines and Resources*

Ottawa, June 1, 1944

RE: PROPOSED VOYAGE OF THE R.C.M.P. IN THE ARCTIC

May I refer to your enquiry with regard to the course of action which should be followed by the R.C.M.P. in the Arctic patrol this summer.

I am enclosing a memorandum prepared by Mr. Chaput of this Department which suggests the basis for the activities of the patrol having in mind the Government's desire to protect its sovereignty over the Arctic Islands.

Mr. Chaput points out that, failing the establishment of new posts, the main contribution of a new expedition travelling north would be to see that Canadian laws and regulations are observed both by natives and foreigners in the whole of the territory covered. He also points out that care should be taken to avoid any action which could be interpreted as the taking of possession by Canada of new lands, thus giving rise to possible rival claims based on past discoveries.

Consideration might be given to the desirability of posting the ordinary notices and proclamations in matters relating to the government of the Northwest Territories which would be found publicly displayed in communities in the continental part of the territory. The notices so posted might be limited to those which would be likely to concern casual visitors if any came to the places in question, e.g., game regulations, permits, licences, etc.

J. E. READ
for the Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum au conseiller juridique*

*Memorandum to Legal Adviser*

SECRET [Ottawa,] May 31, 1944

PROPOSED VOYAGE OF THE R.C.M.P. IN THE ARCTIC

1. Canadian sovereignty over the Arctic must rest upon rights of (1) discovery and (2) effective possession which are in the last analysis the only

elements on which title to new lands can safely be based under present International law.

2. While the great majority of islands of the Arctic Archipelago has been discovered by British explorers, there are still a certain number of islands which have yet to go through that preliminary process. Canada, however, claims the whole territory lying north of its mainland up to the North Pole. Consequently care should be taken not to take any action in this area which could be interpreted as the taking of possession by Canada of *new* lands, thus giving rise to possible rival claims based on past discoveries, at the same time opening the way for foreign discovery of unknown territory in the future.

3. Effective possession, therefore, should be the sole official preoccupation of Canadian expeditions in the North.

In order to comply with this requirement it is prescribed that a state "bring the territory (claimed) under its control and administration" (Smedal). Even taking into account that such "control and administration" need not be as real in northern regions as in most temperate ones, there may be some doubt whether Canada is actually extending enough jurisdiction throughout lands already discovered to make her claim to these territories unquestionable.

Hence every effort should be made in order to extend and substantiate Canada's administrative control in the North.

4. Precise information as to what constitutes "control and administration" is scarce and it seems hard to forecast any precise rule of conduct which should be followed by members of an expedition. The principle generally agreed to however is that the possessing state must make its authority felt in the occupied territory and maintain order therein (Hall). As a matter of practice, I should think this is translated in the administration of justice and the enforcement of national laws and regulations in the territory concerned.

The establishment of posts such as was done in the Canadian north in the past which serve as police posts, as well as custom houses and post offices, constitutes a perfect example of what is meant by control. Failing the establishment of new posts, I should think the main contribution of a new expedition travelling up North would be to see that Canadian laws and regulations are observed both by natives and foreigners in the whole of the territory covered. It is safe to assume that the ship carrying the expedition can be considered as a moving post, the activities of which have the same value as those carried by a permanent post established on land.

5. The main body of rules which are of particular importance with regard to Canadian jurisdiction in the Arctic are the following:

a) Custom laws and regulations;
b) Air regulations;
c) Immigration;
d) Importation of intoxicants (under the N.W.T. Act);
e) Game regulations (under the N.W.T. Act);
f) Permits under the Migratory Birds Convention;

g) Licenses or permits required by foreign scientists and explorers entering the Actic regions.

6. Mapping and other scientific research work effected in the course of the voyage, while of no legal value as such, when isolated can, of course, serve as supplementary evidence that Canada considers these territories as coming under her jurisdiction and thus be of great help from a legal point of view when envisaged against the background of other Canadian activities in that sector. This is especially true in the case of those regions of the Arctic which have yet to be explored.

## PARTIE 7/PART 7
## EXTRADITION

**1087.** DEA/12216-6-40

*Mémorandum du conseiller juridique*
*Memorandum by Legal Adviser*

Ottawa, March 24, 1944

NOTE — EXTRADITION TREATY

1. The U.S. draft was transmitted to me by Mr. Atherton, August 17,[188] without covering Note.

2. The present revision represents the furthest that Canadian interests can go in meeting U.S. position.[189]

3. New draft delivered to Mr. Clark[190]

J. E. R[EAD]

[PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de la réserve*
*Revised Draft of Reservation*

[Ottawa,] February 14, 1944

REVISED DRAFT OF RESERVATION TO UNITED STATES EXTRADITION TREATY PREPARED AFTER DISCUSSION IN MEETING WITH REPRESENTATIVES OF DEPARTMENTS OF JUSTICE, FINANCE, AND SECRETARY OF STATE OF CANADA

1. WHEREAS, it is desired that the provisions of Items 26, 31 and 32 of Article 3 of the Treaty should not extend to the extradition of persons engaged in lawful business transactions in the requested country, unless the activities of

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[188]Volume 9, la pièce jointe, document 1292./Volume 9, enclosure, Document 1292.

[189]Le paragraphe suivant était ajouté au document:
The following paragraph was added to the document:
3. New draft delivered to Mr. Clark.[190] March 25/44. J. E. R[ead]

[190]Lewis Clark, premier secrétaire, ambassade des États-Unis.
Lewis Clark, First Secretary, United States Embassy.

such persons involve fraud, as defined by the laws of both countries, or willful and knowing violation of the laws of the requesting country; and

2. WHEREAS, it is desired that said provisions should not extend to the extradition of a publisher or vendor of a lawful publication in the requested country which is primarily intended for sale and circulation in that country, the circulation of which in the requesting country is only incidental to the ordinary course of publication and sale in the requested country, and the primary purpose of which is not to aid in the sale or offering for sale of securities in the requesting country;

3. WHEREAS, it is desired that all doubt should be removed as to the retroactive effect of any provisions of Article 3 of the Treaty which make extradition possible for an offence which was not previously an extraditable offence;

4. NO PERSON dealing in securities in the requested country in the ordinary course of business and in compliance with the laws of the requested country shall be subject to extradition in respect of any matter involving an offence under Items 26, 31 or 32 of Article 3 of the Treaty, unless the offence involves fraud, as defined by the laws of both countries, or willful and knowing violation of the laws of the requesting country;

PROVIDED THAT, when the transaction, which is the foundation for the offence, has occurred in whole or in part in a place in the requested country, the laws of the requested country shall mean the laws in force in such place; and, in cases in which no part of the transaction has taken place in the requested country, the laws of the requested country shall mean the laws in force in the place where the person whose extradition is sought has been apprehended;

5. NO PERSON shall be subject to extradition for the sale and circulation in the requesting country of a lawful publication in the requested country which is primarily intended for sale and circulation in that country, the circulation of which in the requesting country is only incidental to the ordinary course of publication and sale in the requested country, and the primary purpose of which is not to aid in the sale of securities in the requesting country;

6. NO PERSON shall be subject to extradition by reason of any offence committed at a date prior to that on which the present Treaty comes into effect which was not an extraditable offence at the time when it was committed.

7. The terms of this declaration shall be deemed to have equal force and effect as the Treaty itself and to form an integral part thereof.

**1088.** DEA/12216-6-40

*Le premier secrétaire, l'ambassade des Etats-Unis, au conseiller juridique*

*First Secretary, Embassy of United States, to Legal Adviser*

Ottawa, June 5, 1945

Dear Mr. Read:

On March 25, 1944, you handed to me a revised draft of reservations to the Extradition Treaty between the United States and Canada, which was signed on April 29, 1942. This revised draft was communicated to my Government and has received the careful study of the interested departments. I have now been directed to make the following suggestions.

Paragraph No. 2. It is suggested that the words, "and the primary purpose of which is not to aid in the sale or offering for sale of securities in the requesting country" be deleted, and that there be substituted therefor the words, "and not intentionally designed to aid in the sale or offering for sale of securities in the requesting country." In suggesting this change the Chairman of the United States Securities and Exchange Commission comments as follows:

"The term 'primary purpose' as used in the last clause of this paragraph is susceptible of a construction which would exclude from operation of the treaty those persons who intentionally circulate literature in Canada and the United States for the purpose of selling securities both there and in this country. It would be most difficult in such cases to establish that the 'primary purpose' was to sell in the United States."

Paragraph No. 4. It is suggested that '(a)' be inserted before the word "fraud", and that '(b)' be inserted before the phrase, "wilful and knowing violation of the laws of the requesting country." Also, it is suggested that the provisos in this paragraph be deleted. These changes are desired in order that there may be no misunderstanding as to the effect of this paragraph. In commenting with respect to the suggestion that the provisos be deleted, the Chairman of the Securities and Exchange Commission says:

"The proviso that appears in this paragraph should be deleted, in our opinion, because it would tend to confuse the application of the treaty provisions under consideration. It would seem that in view of the other clauses contained in this revised draft any innocent persons in Canada would be amply protected, and inclusion of this proviso will only tend to open the door to restrictive application of the treaty.

"The first part of the proviso relates to acts classified as occurring partly in Canada and partly in the United States. It is not unlikely that such a classification would be held to include most of the violations in which we would be interested. The proviso would require a showing that the act was criminal in both countries, and also in the particular 'place' where the act occurred in the

requested country. In our opinion this would seriously handicap the extradition process. Indeed, it would very likely make it unworkable with respect to securities and mail fraud violations because, under the law of the 'place' the transaction might be held not to be a criminal offense; and it should be noted that in general criminal cases in Canada are subject to Dominion jurisdiction, as distinguished from a provincial or local jurisdiction.

"It would appear, moreover, contrary to established treaty practice as we understand it, and inconsistent with the spirit of the instant treaty, to require the requesting country to prove criminality under the law of a particular locale as well as under the national laws of the requested country.

"I find it difficult to perceive any justification for the second part of said proviso, which provides that a person committing the violation wholly in the requested country is immune from extradition, if he takes refuge in a particular 'place' in which the laws do not make the violation a criminal offense. It seems to us that this can only serve as an escape mechanism.

"We appreciate that the proviso may be the result of concern on the part of some Canadians that unwitting and inadvertent violations of our securities laws might be made the basis for extradition. As we have stated previously, the securities laws administered by this Commission do not provide criminal sanctions except in cases where there is wilful intent to violate the law. Moreover, you may assure the Canadian authorities of the fact that criminal proceedings under the securities laws are not brought except in cases of substantial, as distinguished from technical violations, and that would be particularly so when extradition proceedings are involved.

"In our view, paragraph 4 of the proposed reservations, modified as suggested, makes it clear beyond doubt that no persons can or will be extradited except for fraud and wilful offenses."

Paragraph No. 5. It has been suggested that the clause reading, "and the primary purpose of which is not to aid in the sale or offering for sale of securities in the requesting country" be deleted, and there be substituted therefor the words, "and not intentionally designed to aid in the sale or offering for sale of securities in the requesting country".

Since the reservations envisaged would constitute a modification of the treaty to the ratification of which the Senate of the United States has already given its advice and consent, it is the view of the Department of State that it will be necessary to submit the Canadian reservations to the Senate for its advice and consent to ratification. In the circumstances, it is believed that it would be advisable for the reservations to be prepared in the form of a protocol, so drafted as to be made a part of the treaty. The ratifications of the protocol could then be exchanged at the same time that the ratifications of the treaty are exchanged.

I would appreciate it if you would let me know the reaction of your Government to the above suggestions.

Sincerely yours,

LEWIS CLARK

**1089.** DEA/12216-6-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures au premier secrétaire, l'ambassade des États-Unis*

*Acting Under-Secretary of State for External Affairs to First Secretary, Embassy of United States*

Ottawa, July 3, 1945

Dear Mr. Clark,

May I refer to your letter dated June 5, 1945, in which you transmitted a revised draft which was a revision of a revised draft delivered to you on March 25, 1944. For the purpose of convenient reference, I will refer to the latter as the revised reservation and to the communicaton which you enclosed in your letter of June 5 as the United States counter-draft.

The Departments of the Canadian Government which are interested in this question have given the most careful consideration to the counter-draft. Every effort has been made to meet the desires of your Government, but it has been necessary at the same time to ensure that legitimate Canadian interests are protected.

It is, of course, desirable that no time should be lost in working out a practical solution of this question. Before bringing the matter to the attention of our Government I will venture to comment on the principal questions raised by the counter-draft. This course should save time.

I am enclosing three copies of the revised draft of March 25, 1944, and of the United States counter-draft of June 5,1945 with notes. The revised draft and counter-draft are put in parallel columns with notes after the paragraphs in which there has been some change suggested by the United States authorities.

You will observe that the principal change suggested was in paragraph 2, recurring in paragraph 5. It involved the revision of the last clause in the paragraph and the notes indicate clearly the reasons why the suggested change is not regarded as being acceptable.

You will also observe the suggestion that this clause should be struck out altogether, which would probably meet your difficulties.

The other points are raised in paragraph 4 and you will note that there is general agreement with the suggestion put forward by the United States authorities for including (a) and (b) in the principal paragraph.

There is also acquiescence in the proposal to strike out the proviso.

There seems to have been some misunderstanding, with regard to the proviso, which was put forward with the idea of making extradition workable. The Chairman of your Securities and Exchange Commission in his comments seems to think that the proviso would tend to confuse the application of the Treaty provisions under consideration. As a matter of fact, the proviso was designed to clarify the application of the extradition arrangements and if it is considered in conjunction with the laws enforced in this country it will be

manifest that it has this effect. However, the striking out of the proviso will not prejudice any Canadian interest and the Departments of the Government concerned are not inclined to question your suggestion in this respect.

Yours sincerely,

R. G. ROBERTSON
for the Acting Under-Secretary of State
for External Affairs.

[PIÈCE JOINTE/ENCLOSURE]

*Extrait du nouveau projet de la réserve et du contre-projet*

*Extract from Revised Draft of Reservation and Counter-Draft*

| REVISED DRAFT RESERVATION DELIVERED TO UNITED STATES EMBASSY, MARCH 25, 1944 | UNITED STATES COUNTER-DRAFT, JUNE 5, 1945 |
|---|---|
| . . . | |
| 2. WHEREAS, it is desired that said provisions should not extend to the extradition of a publisher or vendor of a lawful publication in the requested country which primarily intended for sale and circulation in that country, the circulation of which in the requesting country is only incidental to the ordinary course of publication and sale in the requested country, *and the primary purpose of which is not to aid in the sale or offering for sale of securities in the requesting country;* | 2. WHEREAS, it is desired that said provisions should not extend to the extradition of a publisher or vendor of a lawful publication in the requested country which is primarily intended for sale and circulation in that country, the circulation of which in the requesting country is only incidental to the ordinary course of publication and sale in the requested country, *and not intentionally designed to aid in the sale or offering for sale of securities in the requesting country;* |

NOTE

(a) The change proposed by the United States did not commend itself to the Departments of the Government which have examined this question.

(b) We might be justified in following the suggestion of omitting the entire clause.

(c) On the other hand, I do not think that it is possible to accept the revisions suggested by the U.S.A.

(d) Assuming that the *Montreal Gazette* publishes a standard advertisement for a new issue, e.g. Victory Bonds, City of Ottawa Bonds, C.P.R. Certificates, Calgary Power Preference, it could not be argued that the circulation to the United States subscribers in the U.S.A. was not "intentionally designed to aid in the sale or offering for sale" of any of these securities in the U.S.A. Having in mind the provisions of the United States laws (all 49 States), this would be regarded as an offering for sale in the U.S.A., notwithstanding that the advertisements called for offers bids in Canadian offices. On the other hand, with the omission of the clause, the *Montreal Gazette* could not be extradited

because the circulation in the U.S.A. was only incidental to the ordinary course of publication and sale in Canada.

(e) Consideration has been given to the possibility of definition on a percentage basis, but it would not be satisfactory. It is not out of the question that we might have, either now or prospectively, a respectable Canadian publication which was in the same general sort of position as *Time* or many other U.S. periodicals, with a circulation continental in its character. In that case, we would have a genuinely Canadian publication, which might have more than 50% of its subscribers within the U.S.A. It is better to leave the matter to be proved in the particular case.

(f) It is inconceivable that there should be actual difficulty in proof in any case in which it was desirable to prosecute and extradite. The sort of cases which are concerned are cases not of genuine circulation, but of phoney newspapers published for the sole purpose of puffing the sale of phoney stocks.

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**1090.** DEA/12216-6-40

*Le premier secrétaire, l'ambassade des États-Unis, au conseiller juridique*

*First Secretary, Embassy of United States, to Legal Adviser*

Ottawa, August 9, 1945

Dear Mr. Read:

Your letter to me of July 3, 1945, regarding the Extradition Convention was sent immediately to the Department of State.

After discussion with officers of the Securities and Exchange Commission and the Department of Justice, I have now been directed to say that we agree to the suggestion contained in your letter that the contentious clause in paragraphs numbered 2 and 5 of the proposed reservations to the treaty be deleted. We have also noted your agreement in respect of paragraph 4 to including (a) and (b) in the principal paragraph, and omitting the proposed proviso.

Inasmuch as the reservations have been proposed by your authorities, it is assumed that Canada will prepare the necessary document in duplicate, incorporating therein the reservations as now agreed upon for signature. While the Department of State has heretofore suggested that the reservations be prepared in the form of a protocol, I am now informed that it would be satisfactory if you adopt either a protocol or a declaration for the purpose. In either event it would seem to be desirable that the document be given a heading sufficient to identify it with the treaty, as it must be submitted to the Senate in the United States for advice and consent to ratification.

Should you desire that the Ambassador have a special full power to sign the document, I should appreciate being advised when it will be ready for signature in order that the full power may be obtained from Washington.

Sincerely yours,

LEWIS CLARK

**1091.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET Ottawa, September 5, 1945

. . .

EXTRADITION TREATY WITH THE UNITED STATES

1. THE MINISTER OF JUSTICE described the position with regard to proposed extradition arrangements between Canada and the United States.

A treaty had been signed on April 29th, 1942, and the United States had provided for ratification. Before the treaty was brought before Parliament, however, strong representations against certain items relating to the advertising and sale of securities were made to the government.

After further negotiations with U.S. authorities, with a view to meeting the substantial Canadian objections, a final draft of a protocol had been prepared designed to cover the extradition of security fraud offenders. This draft was now submitted with the object of obtaining a ruling as to whether signature should be authorized.

An explanatory note and copy of the draft protocol were circulated.

(External Affairs memorandum, August 16, 1945 — Cabinet Document No. 52).[1]

2. THE CABINET, after discussion, agreed that signature of the draft protocol be authorized and that the necessary measures to give effect thereto be prepared for introduction into Parliament.[191]

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[191] Le Protocole fut signé à Ottawa le 3 octobre 1945; mais le 11 décembre, le Comité permanent des affaires extérieures de la Chambre des communes recommanda le réexamen du Traité et du Protocole. Voir Canada, *Recueil des traités*, 1945, N° 12; et Chambre des communes, Comité permanent des affaires extérieurs, *Procès-verbaux et témoignages*, 1945, N° 9.
The Protocol was signed at Ottawa on October 3, 1945; but on December 11 the House of Commons Standing Committee on External Affairs recommended reconsideration of the Treaty and the Protocol. See Canada, *Treaty Series*, 1945, No. 12; and House of Commons, Standing Committee on External Affairs, *Minutes of proceedings and evidence*, 1945, No. 9.

## CHAPITRE IX/CHAPTER IX

# RELATIONS BILATÉRALES
# RELATIONS WITH INDIVIDUAL COUNTRIES

### PARTIE 1/PART 1
### ARGENTINE
### ARGENTINA

**1092.** W.L.M.K./Vol. 233

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

SECRET AND IMMEDIATE [Ottawa,] January 17, 1944

The United States and United Kingdom Governments are trying to work out a common policy about Argentina. Our Embassy has been kept informed of their discussions by the British Embassy, which has been in direct touch with the United States State Department on the subject. We have also received a number of messages from the Dominions Office' on this subject.

I am not at all happy about the programme of action which seems to be taking shape in Washington. The steps proposed for effecting the complete isolation of Argentina may prove very costly to the United Nations, and are not certain to be effective. They envisage the recall of ambassadors for consultation, then the withdrawal of diplomatic representation, the dispatch of United States battleships, and the formal indictment of Argentine complicity with the Nazis, followed by the freezing of Argentine assets and the application of economic sanctions, which will involve the stoppage of pretty nearly essential supplies now furnished by Argentina.

This formidable battery of external pressures will probably bring Argentina into line with United Nations policies, but may, in doing so, strengthen temporarily the internal position of the Government by permitting Ramirez to identify his regime's peculiar policies with Argentine traditions of national independence and resistance to American pressure. Argentine resistence, however wrong-headed, is likely to receive a good deal of sneaking sympathy from nationalist elements in other Latin American countries, and it may be difficult to keep them in line with the policy the United States is proposing.

The United States, and the rest of us in degree, are plainly confronted with an extremely difficult and delicate situation, which may undermine the "good neighbour" relationship which the United States has built up.

In the circumstances, I think there may be less danger in the long run from a "cloak and dagger" policy of secret interference in Argentine politics with a view to effecting the revolutionary overthrow of the Ramirez Government by elements prepared to cooperate with the United Nations. It might be possible to organize elements of the Argentine liberal and socialist opposition parties, which claim the support of 60 percent to 80 percent of the population, into a Free Argentine Government, which might establish itself in Montevideo and be granted recognition. The revolutionary forces could be given weapons and money enough to make sure that a coup d'etat would come off. When it came, the change of front and policy would be effected by Argentinians and in the name of a free Argentina, not as a result of obvious and elaborately legalized external pressures. In the long run this might prove a very important difference.

I do not suppose that you will approve of these subversive suggestions or would think them fit to be passed on to the President. They obviously could not be put on paper.[1]

However, there is one aspect of the situation that will concern us directly, whatever plan the Great Powers decide to pursue. If the United States recalls Mr. Armour "for consultation", the United Kingdom will follow very quickly. We shall have to tag along. It so happens we were on the point of moving Mr. Turgeon any way. He has indicated that he would be very glad to accept appointment as Canadian Minister to the Allied Governments in the United Kingdom. I suggest we tell him, right away, to make the earliest possible arrangements for his return to Canada.[2] Desy has recently returned to report on his mission in Brazil, and it would be quite in order for Turgeon, having completed two years' service, to come back on a similar errand. If the political situation develops as anticipated, he would be in fact the first of the United Nations representatives to come home for consultation. Otherwise, he would simply be coming back in the ordinary way preparatory to accepting another diplomatic appointment.

N. A. R[OBERTSON]

**1093.** DEA/50060-40

*Le secrétaire d'État aux Affaires extérieures*
*au ministre en Argentine*

*Secretary of State for External Affairs*
*to Minister in Argentina*

TELEGRAM 5 Ottawa, January 22, 1944

IMMEDIATE. SECRET. United States Ambassador said this afternoon that United States Ambassadors to Argentina and Bolivia were being recalled to

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[1]Note marginale:/Marginal note:
I would *not* approve. 18-1-44.

[2]Note marginale:/Marginal note:
I agree.

Washington for consultation. This will be announced by United States Government on Monday January 24th, at which time it is expected the United States will issue an order freezing Argentine assets in the United States.

As you know we have had in mind the desirability of your returning to Canada preparatory to assuming another diplomatic post. We have been deferring action on your proposed nomination as Minister to the Allied Governments in the United Kingdom because it was helpful to have you in Argentina during this critical period. In view, however, of the way events appear to be shaping, with the United States bringing its Ambassador back for consultation and the United Kingdom expected to take similar action, I am afraid that if announcement of your departure is deferred longer some misunderstanding of the Canadian attitude may develop both in Argentina as well as in North America.

In the circumstances I think the best course is for you to inform the Argentine Government that you are being transferred to another diplomatic post and that you are returning to Ottawa before taking up your new duties. We shall advise the Canadian newspapers accordingly on Monday. In informing the Argentine Foreign Minister of your impending departure, you should not, repeat not, give him the impression that the explanation offered of your move is intended to disassociate Canada from the American attitude toward recent Argentine policies. I shall endeavour to see the Argentine Minister tomorrow and make our position clear to him.

**1094.** DEA/50060-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] January 26, 1944

The Argentine Government broke off relations with Germany and Japan this morning. Their Ambassadors in Buenos Aires will be handed their passports later today. Mr. Hull is expected to comment on these developments later in the day. The forecast from Washington earlier in the week was that the United States would expect Argentina to comply with all the recommendations of the Rio Conference[3] with respect to Axis funds, personnel, etc., and would not be content with this formal breach of diplomatic relations at the eleventh hour.

[N. A. ROBERTSON]

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[3]Troisième réunion des ministres des Affaires étrangères des républiques américaines du 15 au 28 janvier 1942. Voir États-Unis,
Third Meeting of the Foreign Ministers of the American Republics, January 15-28, 1942. See United States,
*Department of State Bulletin*, Volume 6, February 7, 1942, pp. 117-41.

**1095.** DEA/50060-40

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires en Argentine*

*Secretary of State for External Affairs*
*to Chargé d'Affaires in Argentina*

TELEGRAM 18 Ottawa, March 7, 1944

MOST SECRET. In present uncertain situation I think it best for you to refrain from official contacts with the Farrell Administration which might give appearance either of recognizing it or approving its policies. The United States position has been made public by the statement on March 4 of Acting Secretary of State Stettinius[4] which you have no doubt seen. We understand that Sir David Kelly[5] has been instructed to confine his official communications with Argentine Government to requests for Customs facilities and similar routine matters and that the British Government prefers to proceed cautiously and avoid precipitate action in case Farrell should fall as a result of further intrigue. We are awaiting further information as to the policy of the United Kingdom.

We should very much appreciate your comments on the argument that a policy of non-recognition might possibly strengthen the hand of the Nationalists on the ground of foreign pressure.

**1096.** DEA/50060-40

*Le chargé d'affaires en Argentine*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Argentina*
*to Secretary of State for External Affairs*

TELEGRAM 48 Buenos Aires, March 8, 1944

IMMEDIATE. MOST SECRET. Your most secret telegram No. 18 of March 7th and telegram No. 19 of March 8th.[1]

(1) Paraguayan Government announced to-day its uninterrupted recognition of Argentine Government. Bolivia and Chile have already adopted similar attitude. This forms a southern bloc.

(3) Chile's declaration of recognition has been greeted by several street demonstrations by young Nationalists here, but were dispersed by the police.

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[4]Voir États-Unis,/See United States,
*Department of State Bulletin*, Volume 10, March 4, 1944, pp. 225-6.
[5]Ambassadeur de Grande-Bretagne en Argentine.
Ambassador of Great Britain in Argentina.

(3) Mr. Stettinius's statement of March 4th was not allowed publication here for over 24 hours. Mr. Eden's statement[6] has not yet appeared in to-day's papers.

(4) United States Embassy sees no unfavourable official reaction to United States Government's provisional policy of withholding official relations with Argentine Government.

(5) Both British Ambassador and United States Councillor, both of whom I saw again to-day agree that Farrell Administration is still insecure and in view of this it is most anxious to win United States and British confidence by undertakings of co-operation. But if these overtures and assurances are not accepted sympathetically or if nagging criticism is made, reaction may soon set in here by ultra nationalists of blaming United States for determined unfriendliness.

(6) There are many rumors of impending movements against Farrell Administration but none can be relied on at present. Situation in political circles is still unsettled and future developments uncertain.

(7) Exchange of Axis diplomats has been delayed mainly owing to incompleted preparations of Axis diplomats, but also owing to further need of scrutinizing exchange lists by Allied Governments concerned.

**1097.** DEA/261-40

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures au chefs de division*

*Memorandum from Acting Under-Secretary of State for External Affairs to Chiefs of Division*

[Ottawa,] March 9, 1944

In view of the Prime Minister's announcement in the House of Commons this afternoon, defining the Canadian attitude towards the present Argentine Government, it is necessary to suspend official relations with the Argentine Minister in Ottawa and with members of his mission. This suspension does not apply to the transaction of routine business, such as Customs clearances, etc. It applies, however, to all business of other types, including the issue of exequaturs to consuls and the despatch of communications on current matters to the Argentine Legation. I have informed the Argentine Minister this afternoon that this procedure will be followed. He should not of course be invited to any Government functions until the situation clears up.[7]

H. W[RONG]

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[6]Voir Grande-Bretagne,/See Great Britain, House of Commons, *Debates*, Fifth Series, Volume 397, Column 2028.

[7]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
Gov[ernmen]t House knows about this. H. W[rong] 2[3?]-3-44.

**1098.** DEA/261-40

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant Under-Secretary of State for External Affairs to Under-Secretary of State for External Affairs*

[Ottawa,] July 6, 1944

Mr. de Berenguer-Cesar, Counsellor of the Brazilian Embassy, called on me by appointment yesterday afternoon to discuss the situation in Argentina. At his request, I explained that the Canadian Minister had left Buenos Aires some time ago and that his withdrawal was not the result of a decision to impose a formal sanction on the Argentine Government but was rather a routine move of a member of our diplomatic service.

On the other hand, our failure to appoint a new Minister might be interpreted as evidence of the unwillingness of the Canadian Government to give encouragement to the present regime in Argentina. The fact that we had no Minister in Buenos Aires when the United States and the United Kingdom withdrew their Ambassadors made it unnecessary for Canada to decide either for or against similar action.

I said that speaking personally, I had some doubts as to the wisdom of the course that is being followed by the United Nations and particularly the United States in Buenos Aires. These doubts arose not from any sympathy with the present Argentine regime for which in fact I entertain a lively dislike, but simply on the grounds that external pressure *may* have the effect of strengthening the Farrell Government in Argentina and may even tend to obtain for that Government a certain sympathy from other governments in Latin America. There is also the consideration that the withdrawal of the heads of Missions was not in itself a very effective form of sanction and yet it would be difficult to supplement it with any other action without at the same time adversely affecting the economic interests of the United Nations.

Mr. Berenguer said that he himself and, he believed, that all those who are really well acquainted with Latin America and particularly with Argentina, share the views which I had expressed as my personal opinion. He said that he and his Brazilian colleagues all heartily dislike the present government of Argentina, but that they are afraid the policy being followed by Washington and, under United States influence by other members of the United Nations, will have the effect of strengthening rather than weakening the Farrell regime, at least for some time to come.

Mr. Berenguer expressed the opinion that the revolutionary government of Bolivia would not have been able to maintain itself in office for one month if it had not been for the *opposition* of the United States. This hostility of Washington aroused the nationalistic sentiment of the Bolivians behind their new government. In reply to a question, Mr. Berenguer said that he would not prepare to offer a firm opinion as to the future probabilities in Bolivia, but that he was inclined to the view that the Government had now become pretty firmly

established and that it might well remain in office for some considerable period.

Mr. Berenguer referred to the fact that his Ambassador will be speaking over the C.B.C. tonight. I refrained from telling him that I had read the text of the Ambassador's speech. Nor did I ask him about the statement included in the text to the effect that Brazil is about to send 25 divisions to fight on the battlefields of Europe!!

[H. L. KEENLEYSIDE]

**1099.** DEA/836-BG-39

*Le sous-ministre par intérim du Commerce*
*au sous-ministre d'État aux Affaires extérieures*

*Acting Deputy Minister of Trade and Commerce*
*to Under-Secretary of State for External Affairs*

Ottawa, November 17, 1944

Dear Mr. Robertson:—

With further reference to our previous correspondence[1] on Canadian relations with the Argentine, Mr. Scott, our Commercial Counsellor in Washington, at a meeting of the Sub-Committee on Export Control, held on Wednesday, October 21st, outlined the new American relations with that country. He pointed out that the secret agreement signed in 1942, and the State Department memorandum of August 26th, 1943, had now been largely superseded by a new American policy enunciated by the State Department, and embodied in instructions dated September 19th, 1944, issued to F.E.A. licensing officers, which he read to the meeting. Under this policy practically all shipments to Argentina are withheld unless they contribute directly to the war effort of the United Nations, or to the maintenance of public health and safety in the country. Mr. Scott indicated further that if we co-operate wholeheartedly with the United States in this policy, we must refuse applications for export permits, with very few exceptions.

Mr. Scott went on to say that the American authorities have no desire to dictate Canadian policy, although they naturally hope that we will find it possible to co-operate to the fullest extent. After due consideration, Mr. Scott was advised that it was the desire of the Committee to co-operate and this decision was approved by Mr. Pierce, your departmental representative at the Committee meeting. It was pointed out, however, that the British attitude is not the same as our own, and that, consequently, we are possibly excluding certain shipments from Canada to Argentina which will be filled by various other British Empire interests.

We, in the Department of Trade and Commerce, feel that it is necessary to follow this American policy on an overall basis, but desire to outline below, certain possible exceptions which require careful consideration, possibly by the External Trade Advisory Committee.

*Asbestos*

Canada has for many years been the principal source of short fibre asbestos for Argentina, present annual trade being valued at about $300,000. If this material is not shipped from Canada, in all probability it will be provided by Rhodesia. In a previous attempt to prevent certain grades of asbestos containing an appreciable quantity of long fibre reaching Argentina, an attempt was made through your office to secure the collaboration of the British authorities, but this was not forthcoming, and shipments of Rhodesian material of an equal grade were, we understand, received regularly by Argentina. There is no U.S. interest in the Argentine market.

*Calcium Carbide*

Canada has for some years been one of the principal suppliers of carbide to Argentina, an important share of which is used by British owned railways. Shipments of carbide from South Africa to Argentina have been heavy this year and we are now advised by the Dominion Oxygen Company that South Africa is offering to take up all business offering for January delivery. Therefore, it would appear that we are simply handing the existing business of, roughly, three-quarters of a million dollars, over to that country, unless the full collaboration of South Africa is obtained. In view of our previous experiences with asbestos, it is hardly likely that this will be agreed to. United States exporters are not particularly interested in the Argentine market.

*Refractory Materials*

A promising market in Argentina for refractory bricks and other material, worth possibly $50,000, is being this year sacrificed to British interests. However, U.S. business of still greater proportions is also being sacrificed.

*Agricultural Implement Repairs*

It has been the policy to maintain shipments of repair parts for Canadian machines abroad, even where iron and steel was short for the war effort, as it was considered absolutely necessary to keep such machines in operation. In the secret agreement with the United States, Canada agreed not to ship complete machines, but to continue to ship necessary repair parts, which in 1944 are programmed to amount to about $125,000, or 20% of the total value of shipments in the average 1940-41 period. Mr. Scott has been asked to report on corresponding American policy.[8]

*Ferro-Alloys*

The Canadian allocation of ferro-alloys to Argentina for 1944 is valued, roughly, at $100,000. If Canadian ferro-alloys do not move to this market, supplies will be provided by Brazil and Mexico and considerable impetus given to domestic production. United States is normally not much interested.

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[8]La note suivante était dans l'original:
The following note was in the original:

> A letter has just been received from M. Scott,[†] advising unofficially that the United States intend to withhold such shipments, and presumably we should be prepared to do likewise.

*Agricultural Products*

*Seed Potatoes* — After many years of effort a substantial market, averaging possibly $800,000 annually, for Canadian seed potatoes was developed in Argentina, now our third largest market. This is important from both the immediate and the long range view. At present, if Canadian potatoes are not supplied, it is anticipated that they will be replaced by British shipments.

*Apples*

A good deal of effort has been expended in popularizing Canadian apples in Argentina. Due to various reasons, a number of our most important markets, such as the United Kingdom, are largely barred to us, and it is, therefore, important that we endeavour to hold the Argentine market.

Mr. Pierce was of the opinion that the approach to the British authorities, in order to secure the collaboration on shipments of asbestos from Rhodesia, and carbide from South Africa, should be made by the American authorities, and according to Mr. Scott, this has been done covering all products. In addition, I feel that if we are to refrain from shipping to Argentina asbestos, calcium carbide, ferro-alloys and seed potatoes, we should take steps to ensure that this action on our part would not merely mean a diversion of trade from Canadian sources, with no appreciable effect on the economy of Argentina.

I should like to have your views on the desirability of an approach being made to the United Kingdom authorities to determine their attitude on this important question. The matter is really urgent, as we are receiving many inquiries from Canadian exporters with respect to their trade with Argentina.

Yours faithfully,

OLIVER MASTER

**1100.** DEA/836-BG-39

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre par intérim du Commerce*

*Under-Secretary of State for External Affairs to Acting Deputy Minister of Trade and Commerce*

Ottawa, November 24, 1944

Dear Mr. Master:

I reply to your letter of November 17th, on the subject of Canadian relations with the Argentine.

Mr. Pierce advises me that it was his understanding, from the proceedings at the meeting on October 21st of the Sub-Committee on Export Control, that Mr. Scott would, on his return to Washington, advise the U.S. authorities that it was our intention to continue to co-operate with them in their trade policy towards the Argentine. Mr. Scott was, however, to point out to the U.S. authorities that in certain cases it would not further that policy to refuse applications for export from Canada of such exports as calcium carbide in particular and others where supplies would be made available to the Argentine

in the required quantities from other sources. He understood that Mr. Scott was to seek the view of the U.S. authorities on the export from Canada of commodities which fell into this category. It was expected that Mr. Scott would soon thereafter discuss the matter informally with the same United States authorities with whom he has been in close contact in similar matters for a long time.

It appears from the copy of Mr. Scott's letter of November 14th† to Mr. Mallory[9] that Mr. Scott is still waiting an official directive, pending the receipt of which he considers it inappropriate to raise specific issues. It is assumed that you will send Mr. Scott this directive.

It is and has been the view of this Department that Mr. Scott can inform the U.S. Government of our continued willingness to co-operate and to put before them the advisability of making exceptions in those cases where the policy will not suffer. What those cases are can best be decided by your Department for you can best determine whether supplies are likely to be available from other sources if they are not forthcoming from Canada.

I do not consider that the matter need be discussed with the External Trade Advisory Committee.

With reference to an approach to the British authorities, it would scarcely seem appropriate for Canada to make such an approach inasmuch as the U.S. is the author and sponsor of the policy. If the U.S. authorities should consider it necessary, in furtherance of the policy, to shut the Argentine off from British Empire sources of supply, they, not we, should approach the British.

Yours sincerely,

N. A. ROBERTSON

**1101.** DEA/836-BG-39

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-7019 Washington, December 16, 1944

Following for C. M. Croft, Department of Trade and Commerce, from Scott, Begins: Copy to S. D. Pierce, External Trade Advisory Committee.

Reference my WA-6825 of December 6th,† re export policy towards Argentina, in which I quoted my letter of December 5th addressed to Mr. James Farriss of State Department.† Following acknowledgement has now been received, under date of December 15th, from Mr. Courtney C. Brown, Chief, War Supply and Resources Division, State Department. Quote:

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[9]G. D. Mallory, chef, Division de l'exportation des métaux et des produits chimiques, et président, sous-comité chargé du contrôle de l'exportation, ministère du Commerce.
G. D. Mallory, Chief, Metal and Chemical Exports Division and Chairman, Export Control Sub-Committee, Department of Trade and Commerce.

"The receipt is acknowledged of your letter of December 5th addressed to Mr. Farriss, concerning the re-statement of our export policy towards Argentina. It is noted that you propose to go along with us in connection with this policy, with the exception of asbestos and calcium carbide. It is further noted that you propose to continue shipping these commodities, in as much as they are presently being supplied from Southern Rhodesia and South Africa. We appreciate your continued cooperation and we can have no objection to your shipment of these commodities, provided that, if we are successful in persuading the authorities in these areas to stop their shipments, you will be willing to consider stopping such shipments yourself.

"We are sending copies of your letter and our reply to Mr. Homer Zopf in the Foreign Economic Administration." Ends. quote. Ends.

**1102.** DEA/50060-40

*Le chargé d'affaires en Argentine*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Argentina*
*to Secretary of State for External Affairs*

TELEGRAM 30 Buenos Aires, April 5, 1945

British Embassy has received preliminary instructions for procedure in resuming diplomatic relations with Argentine Government on behalf of Great Britain and British Dominions, except Canada. Procedure will include some written communication besides probable personal visit to Foreign Office. I should be glad to receive parallel instructions, to use simultaneously when resumption of relations has been decided and authorized presumably in concert with other countries.

**1103.** DEA/50060-40

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires en Argentine*

*Secretary of State for External Affairs*
*to Chargé d'Affaires in Argentina*

TELEGRAM 16 Ottawa, April 6, 1945

SECRET. Your telegram No. 30 April 5th. Procedure for resumption of diplomatic relations with Argentine Government. We favour Canadian resumption of diplomatic relations with Argentine government immediately after such action has been taken by both United Kingdom and United States. If the United Kingdom should take such action before the United States, we would delay until the United States had also acted. If the United States were the first to act, we would wait for the United Kingdom.

2. United States Ambassador here told the Under-Secretary that the American Republics were consulting on time and form of action to be taken

about recognizing Argentine government. He is to let us know in advance the conclusions they have come to and has been instructed to inform us that they hope the other "non-recognizing" governments, including Canada, would take no steps to recognize Argentina until they have learned of the proposed course of action of the American Republics. Mr. Atherton was informed that if we did not act simultaneously with the American Republics we would act after them.

3. We are asking our Embassy in Washington also to ascertain from the State Department, if possible, its course of action.

4. For resuming diplomatic relations, we think that you might do so by formally acknowledging official copy of Argentine declaration of war presented to you by Ministry of Foreign Affairs and the paying of a formal call on the Foreign Office.

5. Letters have been exchanged on a personal basis between the Argentine Legation here and ourselves when we were informed of the declaration of war. In our personal letter we said, "I need scarcely say that the Canadian government welcomes this action of your government in aligning itself with the other governments of the western hemisphere in the war against the Axis."

**1104.** DEA/50060-40

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires en Argentine*

*Secretary of State for External Affairs*
*to Chargé d'Affaires in Argentina*

TELEGRAM 17 Ottawa, April 8, 1945

SECRET AND IMMEDIATE. Since non-recognizing American Republics and United Kingdom have agreed that their representatives in Buenos Aires will present notes to the Argentine Government on morning of April 9th, you should do likewise. I understand that actual recognition will be effected by notes acknowledging the hitherto unanswered notification of present Argentine Government's assumption of office. I do not expect there will be any official announcement made in Ottawa regarding recognition.

PARTIE 2/PART 2
BELGIQUE
BELGIUM

**1105.** DEA/7350-A-40

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires en Belgique*

*Secretary of State for External Affairs*
*to Chargé d'Affaires in Belgium*

DESPATCH 71 Ottawa, December 20, 1944

Sir,—

I have the honour to inform you that as the Canadian Custodian may shortly issue an Order under the Regulations respecting Trading with the Enemy, permitting personal remittances to be made to Belgium, the Bank of Canada desires to explore with the Banque Nationale de Belgique the possibility of obtaining from them, against Canadian dollars, the Belgian francs required for this purpose.

2. I should therefore greatly appreciate it if you would convey the following message to the Banque Nationale de Belgique from the Bank of Canada:

"In the event of the Canadian Government agreeing to the remittance of funds to Belgium for such purposes as support and maintenance would you be willing to provide us with francs against Canadian dollars to be placed to your credit here and to be available for the needs of your Government in Canada. If it should develop later that the Canadian dollars so credited are surplus to Belgian requirements we should be prepared to convert to gold or United States dollars. If you agree please advise terms and conditions. On assumption you would be prepared to deal at mid-rates we would suggest rate of 39.69 francs per dollar Canadian based on rate of 176⅝ to the pound converted at 4.45. We should transfer francs obtained from you in round amounts to the accounts maintained by our banks with their correspondents in Belgium through which remittances would be channelled."

3. I should be glad if the reply of the Banque Nationale de Belgique to the Bank of Canada could be transmitted through the Embassy at your early convenience.

I have etc.

H. F. ANGUS
for the Secretary of State
for External Affairs

**1106.** DEA/7350-A-40

*L'ambassadeur en Belgique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Belgium*
*to Secretary of State for External Affairs*

DESPATCH 82 Brussels, February 12, 1945

Sir,

With reference to my despatch No. 11 of January 6th, 1945,[1] I have the honour to attach hereto copy of the reply which has been received from the Banque Nationale de Belgique with regard to the remittance of funds in this country.

I have etc.

W. F. A. TURGEON

[PIÈCE JOINTE/ENCLOSURE]

*Le gouverneur, la Banque Nationale de Belgique,*
*au chargé d'affaires en Belgique*

*Governor, National Bank of Belgium,*
*to Chargé d'Affaires in Belgium*

Bruxelles, le 31 janvier 1945

Monsieur le Chargé d'Affaires,

J'ai l'honneur d'accuser la réception de votre lettre du 5 courant[1] par laquelle vous voulez bien me donner connaissance d'un message émanant de la Banque du Canada et relatif à l'envoi de fonds en Belgique, à titre de secours, par des ressortissants belges ou canadiens résidant au Canada.

Je vous saurais gré de bien vouloir adresser de notre part à la Banque du Canada la réponse suivante:

"La Banque Nationale de Belgique est disposée à céder à la Banque du Canada les francs belges nécessaires au paiement de secours et de frais de subsistance à transférer en Belgique d'ordre de personnes résidant au Canada.

"Il n'existe pas d'objection à ce que ces francs belges soient mis à la disposition de banques canadiennes auprès de leurs correspondants belges par sommes rondes et suivant les instructions qui nous seraient données par la Banque du Canada.

"Les cessions de francs belges se feraient contre dollars canadiens à porter au crédit de notre compte chez la Banque du Canada; au taux de 39,69 frs par dollar canadien.

"La Banque Nationale de Belgique pourrait user librement de son compte pour tous paiements à effectuer au Canada.

"Au cas fort improbable où ces paiements seraient insuffisants pour épuiser les disponibilités de notre compte, nous aurions la faculté de convertir ces

disponibilités soit en $ U.S. soit en or qui serait tenu à notre libre disposition chez la Banque du Canada.

"Nous vous suggérons de reporter l'examen des conditions dans lesquelles ces cessions se feraient, au moment venu."

Veuillez agréer etc.

LE GOUVERNEUR,
[Signature illisible]

**1107.** DEA/7187-40

*Le chargé d'affaires de Belgique*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires of Belgium*
*to Secretary of State for External Affairs*

No. 1279 Ottawa, February 15, 1945

Sir:—

I have the honour to bring to the knowledge of Your Excellency that for some time the need had been felt for working out the means for settlement between the Canadian and Belgian Governments with regard to the Belgian currency issued to the Canadian Army operating in or near Belgium.

Baron Silvercruys, former Belgian Ambassador to Canada, initiated conversations on this subject with responsible Canadian authorities.

Baron Boël, Counsellor of the Belgian Government, came to this country with a view of discussing the various aspects of the whole problem. A general agreement was reached as a conclusion of several meetings with officials of the Canadian Departments of External Affairs, National Defence and Finance and the Governor of the Bank of Canada. In accordance with this agreement an account will be opened in the name of the Belgian Government at the Bank of Canada. This account will be credited on February 15th, 1945, with an initial amount of ten million dollars as a first instalment for the Belgian currency issued to Canadian troops. Pending agreement on the exact rate of exchange further payments will be made monthly as from March the 15th. In this matter I am awaiting a reply from my Government which I will not fail to communicate to Your Excellency.

During his negotiations Baron Boël referred also to the goods and services provided by the Belgian Government to the Canadian Army in Belgium. Owing to the complicated nature of this problem it is being kept in abeyance until further discussions take place between British, Canadian and Belgian authorities.

On behalf of my Government to which I have reported, I wish to express my deep appreciation for the promise of assistance made by the Canadian Government with a view to securing Belgium with an amount of Canadian

dollars necessary to cover her purchase of badly needed food-stuffs and raw materials in Canada.

Accept etc.

J. HEYNE

**1108.** DF/Vol. 517

*Memorandum du contrôleur adjoint du Trésor au ministère des Finances*

*Memorandum from Assistant Comptroller of the Treasury to Department of Finance*

Ottawa, October 13, 1945

I enclose a copy of my notes of the meetings held with the representatives of the Belgian Government on October 11th and 12th.

J. O. HODGKIN

[PIÈCE JOINTE/ENCLOSURE]

*Procès-verbaux de deux réunions*

*Minutes of Two Meetings*

[Ottawa,] October 11 and 12, 1945

NOTES OF A MEETING HELD IN THE OFFICE OF THE COMPTROLLER OF THE TREASURY AT 3 P.M., OCTOBER 11, 1945 AND A SECOND MEETING HELD IN THE OFFICE OF THE DEPUTY MINISTER (ARMY), AT 11:30 A.M., OCTOBER 12, 1945

PRESENT:

| | |
|---|---|
| Messrs. Jacqmin, Gutt, and Couvreur | Government of Belgium |
| Mr. Alex Ross | Deputy Minister, Army |
| Mr. R. B. Bryce | Department of Finance |
| Mr. B. G. McIntyre | Comptroller of the Treasury |
| Mr. J. O. Hodgkin | Asst. Comptroller of the Treasury |
| Mr. A. W. Bannard | Chief Treasury Officer, Air |

The Office of Mutual Aid, Belgium, have supplied or will supply by November 8, 1945, goods and services to British and Canadian forces to the estimated value of $251,000,000, for which no reimbursement has been made by either the United Kingdom or Canadian governments. It was stated by the Belgian representatives that the existing arrangements are being terminated on November 8, 1945, and that after that date the Belgian Government would expect repayment in cash for all supplies and services furnished to Canadian forces.

Of the $251,000,000, some $3,500,00 or $4,000,000 can be identified as representing indents placed directly with the Office of Mutual Aid by Canadian units or formations. The remainder represents goods and services

drawn down for the common use of British and Canadian formations, included in which is the 21st Army group, which group contained Canadian personnel estimated at approximately 20% of the whole. On the broad assumption that Canadian troops participated in Belgian mutual aid in the same proportionate ratio as British troops, it is roughly estimated that Canada's obligation is 20% of $251,000,000 — or some $50,000,000.

It was pointed out that under existing capitation rate agreements with the United Kingdom Government, the British are required to supply everything the Canadian troops need in theatres of operation. Mr. Alex Ross expressed a preference for concluding a capitation rate on an overall basis which would include the cost of goods and services furnished by Belgian Mutual Aid, but instead of Canada's paying the full amount to the British, we would reduce the British claim by an amount representing our share of Belgian Mutual Aid, which latter amount would be paid in Canadian dollars to the Government of Belgium. This method was considered as the most practicable by both the Belgian and Canadian representatives, and it was left to Mr. Ross to instruct the Financial Superintendent, C.M.H.Q., to seek the concurrence of the War Office and the United Kingdom Treasury in the proposal. The Belgians favour the proposal on the grounds that by the Belgian and Canadian Governments dealing on a direct basis with each other, Belgium will procure the credits in Canadian dollars which she desires.

Adverting to the question of determining Canada's proportionate share of the $251,000,000 obligation, it was considered that the most practicable way of arriving at this would be on the basis of comparative strengths — British vs. Canadian — in the theatres where the goods and services were consumed. Whereas we have accurate figures of Canadian strengths, and whereas the British must have similar figures, the allocation of charges on the basis of strengths should be comparatively simple. It is considered especially desirable to adhere to this basis on the grounds that it conforms with the general principles on which the capitation rates were founded.

The discussion then centred on the question of payment by the British Government for surplus war assets sold by the War Assets Corporation to the Belgian Mutual Aid Board. Mr. Jacqmin expressed the desire that these payments be made in Canadian dollars rather than in Belgian francs. It was observed that technically speaking, the payments are due to the War Assets Corporation, a Crown company, rather than to the government.

Mr. Jacqmin stated that, on and after November 8, 1945, Canada will be expected to pay in cash for all supplies and services furnished through the Belgian Office of Mutual Aid, and he further stated that the Belgian Government would prefer if Canada would continue to draw direct from the Belgian Ministry of Finance whatever Belgian francs are required by Canadian paymasters for the pay and allowances of our troops.

The following is the suggested plan for handling the financial transactions arising from the proposed arrangements:

1. Canada will deposit in the Bank of Canada for credit of the Belgian Office of Mutual Aid a sum in Canadian dollars equivalent to Canada's liability for goods and services furnished by reverse mutual aid in the period ending November 8, 1945, such sum to be converted from Belgian francs at the offical rate of exchange.

2. On and after November 9, 1945, the Belgian Office of Mutual Aid will maintain three accounts, namely, a British-Canadian pool account, an account in the name of the Government of Canada, and an account in the name of the United Kingdom Government.

3. To the pool account will be debited the value of all goods and services furnished to British-Canadian Forces which cannot be identified as for the specific end use of either Force. At the close of each month, or at less frequent intervals if considered mutually desirable, the Belgian Office of Mutual Aid will furnish a statement of account to the War Office, and will concurrently send to C.M.H.Q. a copy of such statement. The War Office and C.M.H.Q. will then agree on the proportion of the total charge which is to be assessed against each Force, and will advise the Office of Mutual Aid accordingly.

4. Upon receipt of advice as to the allocation of charges, the Office of Mutual Aid will credit the pool account and debit the accounts of Canada and the United Kingdom with the amounts as indicated on the allocation statement.

5. The Canadian account will also be debited with the value of Belgian francs furnished to our field cashiers and paymasters, and will be credited with the value of surplus assets sold to Belgium by the War Assets Corporation.

6. At agreed intervals the Belgian Office of Mutual Aid will remit to the Government of Canada, Department of National Defence (Army), a cheque in Canadian dollars in the amount of any net credit balance in the account, and will bill National Defence (Army) for any net debit balance, as the case may be.

7. Payments by Canada to Belgium will be made by Receiver General cheque drawn in favour of the Bank of Canada for credit of the account of the Belgian Office of Mutual Aid. Payments by Belgium to Canada will be made by cheques drawn on the Belgian account in the Bank of Canada.

8. The Belgian Office of Mutual Aid will maintain adequate accounting records and will support all entries in Canada's account with satisfactory documents evidencing proof of Canada's obligation to pay, or entitlement to credit, as the case may be.

9. The Belgian Office of Mutual Aid will render their monthly statements of account to C.M.H.Q., London.

10. The Government of Canada will appoint a resident auditor in the Belgian Office of Mutual Aid who will pre-audit the monthly statements of account to facilitate settlement when the statements are received at C.M.H.Q.

11. In the event that a monthly statement of account indicates that Canada is the debtor, C.M.H.Q. will cable advice to N.D.H.Q. of the amount of the obligation, and payment will be made forthwith by the Army Treasury Office as outlined in paragraph (7) above. Conversely, if the statement indicates that

Belgium is the debtor, C.M.H.Q. will advise N.D.H.Q. accordingly, and the Belgian Office of Mutual Aid will cable the Bank of Canada to remit the amount of the obligation to the Army Treasury Office.

12. The amounts due the War Assets Corporation as indicated by the audited monthly statements of account, will be made available to the Corporation through the medium of appropriate journal vouchers to be raised by the Army Treasury Office.

J. O. HODGKIN

**1109.** DF/Vol. 517

*Le ministre d'État de Belgique au ministère des Finances*
*Minister of State of Belgium to Department of Finance*

Washington, October 15, 1945

Dear Mr. Bryce:

Please find enclosed copy of the letter I am sending to Mr. Ross. It will show you that, after we met on Friday morning, I received the cable from my Government accepting my suggestions.

You already know from Mr. Couvreur, whom I instructed by telephone to inform you on Saturday morning, that my Government cabled their agreement on all the terms proposed for the loan — e.g. on the letter addressed by Mr. Mackintosh to our Ambassador on September 7th,† — and their choice of the 3% rate for a 30 years term loan with reimbursement spread over the thirty years.

I had already cabled, asking my Government to give by cable to Mr. Paternotte de la Vaillee[10] the necessary powers to sign the loan agreement. Anticipating that the loan could be concluded at the very beginning of the week, I further cabled them to instruct our Ambassador to ask at once that, out of the 25 millions, ten millions be transferred to the account of the National Bank of Belgium at the Bank of Canada, and to instruct the National Bank to have those 10 millions transferred to the account of our Economic Mission. I should be glad if all those operations could take place Tuesday or, at the latest, Wednesday October 17th.

Thanking you for the way in which you have — as you always did — understood our position and needs, and collaborated with us,

I am, dear Mr. Bryce,

Yours very sincerely,

GUTT

[10]Ambassadeur de Belgique./Ambassador of Belgium.

[PIÈCE JOINTE/ENCLOSURE]

*Le ministre d'État de Belgique*
*au sous-ministre de la Défense nationale (Armée)*

*Minister of State of Belgium*
*to Deputy Minister of National Defence (Army)*

Washington, October 15, 1945

Dear Mr. Ross:

Before leaving Washington, I want to thank you for your kind welcome and for the way you have been trying to meet us.

I am glad to be now in a position to tell you that my Government cabled me, accepting the suggestions on which we had tentatively agreed at our meetings, e.g.:

1. Payment in cash for all goods and services supplied prior to November 9th, — the amount of those goods and services to be fixed by a criterion agreed upon; for instance, by the relative proportion of the strength of the Canadian forces to the total strength of the British forces.

2. Payment of goods and services supplied after November 8th, and of the Belgian notes delivered after same date for the pay of the Army — the amount of those goods and services to be established, too, through a proportion calculated in the same manner as under No. 1.

This amount would be charged to a current account, as well as the value of the surplus property delivered to us. A balance would be struck periodically, and paid in dollars to the creditor, whoever he is.

3. Until a settlement has been agreed to concerning No. 1 and 2, no payment would have to be made by us on account of surplus property.

I hope you will early be able either to agree to our suggested formula of calculation, or to suggest another one. You told me you wanted to discuss the matter of the overall cost with our British friends before settling the present matter with us. I do not quite understand the reason for it, as our mutual aid deliveries to Great-Britain are *not* part of the overall cost of the British soldier and are therefore not to be taken into account in the calculation of the capitation rate, but of course you know better than I do in this regard. What I wish is that you will be, as soon as possible, in a position to mention the bases of a settlement.

Believe me, dear Mr. Ross,

Yours very sincerely,

C. GUTT

PARTIE 3/PART 3
BRÉSIL
BRAZIL

**1110.** DEA/7044-40

*L'ambassadeur au Brésil*
*au secrétaire d'État aux Affaires extérieures*
*Ambassador in Brazil*
*to Secretary of State for External Affairs*

DESPATCH 131 Rio de Janeiro, June 29, 1944

Sir,

I have the honour to refer to my despatch No. 98 of the 11th May, which accompanied a draft note submitted by the British Embassy to the Brazilian Foreign Office concerning the position of volunteers of dual nationality who are serving or may serve in the armed forces of the United Kingdom.† Actually, this agreement between Brazil and the United Kingdom was signed on 27th May, and I am enclosing a copy of it as published in the bulletin of the British Community here.†

2. In the last paragraph of my aforesaid despatch, I expressed a desire to be informed as to whether a similar agreement ought not to be concluded between Canada and Brazil. I may now add that a number of Brazilian-Canadian parents whose sons or daughters are serving with the Canadian Forces have asked me about the situation of their children in such cases. I had, of course, to reply that the United Kingdom-Brazil agreement did not apply to those serving in the Canadian Forces. I know of about twelve such cases in Rio de Janeiro alone.

3. I am sending, herewith, a translation of Decree-Law No. 1317 of 2nd June 1939,† in which you will see that a Brazilian-Canadian may lose his Brazilian nationality for serving in the armed forces of another country without having secured permission from the President of the Brazilian Republic. The agreement signed by the United Kingdom is for the purpose of avoiding such sanction.

I have etc.

JEAN DÉSY

**1111.** DEA/7044-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur au Brésil*

*Secretary of State for External Affairs*
*to Ambassador in Brazil*

DESPATCH 147 Ottawa, September 26, 1944

Sir:

I have the honour to refer to your despatch No. 131 dated June 29, 1944, relative to your enquiry as to the advisability of an agreement regarding war service between Canada and Brazil, similar to the one reached between Brazil and the United Kingdom on the 27th May, 1944.

The matter was referred to the various governmental departments concerned and while they feel that the number involved will be somewhat small, they all favour such an agreement. They have noted that you are already aware of twelve cases in Rio de Janeiro alone, for whom this agreement might prove beneficiary.

I would, therefore, appreciate it if you would take the necessary steps towards bringing about such an agreement between Canada and Brazil.[11]

I have etc.

J. E. READ
for the Secretary of State
for External Affairs

**1112.** DEA/2588-40

*L'ambassadeur au Brésil*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Brazil*
*to Secretary of State for External Affairs*

TELEGRAM 147 Rio de Janeiro, November 30, 1945

IMMEDIATE. Foreign Minister Vellese and principal economic adviser to Foreign Office requested joint conferences with United States Ambassador Berle and me today. They stated that they had been negotiating with the Argentine Government for resumption of shipment of Argentine wheat to Brazil. These negotiations had broken down, and from the nature of the negotiations and underlying situation, Brazilian Government had reached the conclusion that they could no longer count on continuing supply from the Argentine, at least for the coming year. Embassy is further informed that

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[11]Il y eut un Échange de notes à Rio de Janeiro le 9 février 1945. Canada, *Recueil des traités*, 1945, N° 4.
Notes were exchanged at Rio de Janiero on February 9, 1945, Canada, *Treaty Series*, 1945, No. 4.

Brazilian Government is seriously offended at the Argentine position, describing the situation as blackmail. Commencing with the offer to reopen the wheat trade if 10,000 tires were delivered, Brazil made arrangements to ship 10,000 tires but then was told that 10,000 tires would release shipment of only half of 100,000 tons of wheat which is one month's supply, and this although Brazil has no tires to spare.

Meanwhile, wheat supply in the country has reached dangerously low position so that unless immediate steps are taken there will be bread shortage in January. Brazilian Government justifiably fear that this may occasion considerable social unrest and bad or perhaps dangerous conditions for new Government to commence.

There appears to be slender but probably adequate supply of wheat and flour in the country to cover month of December, but during the month of December flour, not wheat, must be imported to take care of January needs. Supply of wheat must be arranged for later months.

Problem thus boils down to making immediate arrangements for sale and shipment to Brazil during the month of December from Canada and/or United States of 100,000 tons of flour or wheat or combined, to take care of January needs. All wheat would not do because of time element required for milling. Rough guess at Canadian and American Embassies is that at least half should be flour.

Second problem, likewise immediate, must be to secure current wheat supply at the rate of approximately 100,000 tons per month covering year of 1946. Brazilians have reached point at which they are prepared to pay added American or Canadian price so as not to be helpless in the hands of the Argentines. This apparently involves negotiations through Combined Food Board which must be initiated at once.

Problem further requires allocation of adequate transport, Canada and/or United States able to carry 100,000 tons per month. Montreal being closed, winter months would probably involve shipment from United States port except to the extent Halifax might supply part, though later winter months conceivably could be covered from the Pacific coast. Our rough estimate is this would require using 12 Liberty ships for this purpose.

This telegram is sent simultaneously by Canadian and American Embassies and our concrete recommendations are:

First, that immediate arrangements be made for sale and December delivery in Brazil of 100,00 tons of flour or flour and wheat;

Second, that immediate arrangements be made through appropriate channel of Combined Food Board to secure allocation of 100,000 tons of wheat monthly for Brazil, delivery to commence in January and through the year 1946;

Third, that immediate arrangements be made with Shipping Pool to detach equivalent of 12 Liberty ships for this trade.

Though details have not as yet been discussed, it is evident that while trade might go through private channels, Bank of Brazil would guarantee arrangements. Brazilian Government propose immediately to cancel tariff on flour, encourage importation; and will guarantee priority of unloading at Santos and presumably elsewhere if necessary.

Above telegram sent *mutatis mutandis* to Washington for United States Ambassador today.

**1113.** DEA/2588-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Brésil*

*Secretary of State for External Affairs to Ambassador in Brazil*

TELEGRAM 125 Ottawa, December 15, 1945

IMMEDIATE. Your No. 147 of November 30th, request for wheat from the United States and Canada.

The Brazilian request was considered at the last meeting in Washington of the Cereals Committee of the Combined Food Board. United States officials said that the United States might be able to ship to Brazil 4,000 tons of wheat which had already been ordered. It was not proposed to ship more than this quantity. We understand that the United States Ambassador to Brazil has been so advised and has been instructed to recommend to the Brazilian authorities that they look to Argentina for wheat.

We regret that the supply position in Canada makes it impossible for us to be of assistance. We cannot meet the screened requirements of Western European and other countries who have been old customers of ours and whose dependence on us is greater than that of Brazil. We have fully committed our export surplus for the next five months and yet will fall short of meeting requirements already placed with us. Most of the countries will receive far less wheat from us than they require and some may receive none at all.

Would you please advise the Brazilian authorities.

PARTIE 4/PART 4

CHILI
CHILE

**1114.** DEA/1387-40

*L'ambassadeur du Chili*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador of Chile*
*to Secretary of State for External Affairs*

No. 302 Ottawa, September 7, 1944

Sir,

The Government of Chile has been informed recently that the plants in Trail, Calgary and Welland which were erected in Canada for purposes of national defence are supplying a considerable portion of their production, in the form of nitrate of ammonia, for agricultural uses in the United States.

Furthermore, Press reports in the month of March insisted that these Government plants are permanently destined to the manufacture of fertilizers, with the intention of maintaining production when the war is over for sales in the United States or other world markets. The issues of March 11th and 25th of the *Financial Post* of Toronto comment on these plans at length. One of these articles reads as follows:

"A chemical triumph has been achieved by the Canadian nitrate of ammonia plants. They were originally constructed to manufacture explosives for Great Britain and now they are producing a substitute for sodium nitrate, a fertilizer which was previously imported from Chile, and the importation of which has been greatly reduced during the war through lack of transportation facilities caused by the submarine warfare.

These nitrate of ammonia plants, which are the property of the Government, were erected at the beginning of the war to meet Great Britain's need for explosives. But the Luftwaffe was not able to destroy the chemical plants of the United Kingdom as they had expected and Great Britain has not required huge supplies of nitrate of ammonia to continue the war. At about the same time there occurred a decrease in the supply of saltpetre coming to the United States from Chile and the Canadian chemists solved the problem of transforming nitrate of ammonia into a nitrate suitable for fertilization, and now the Canadian plants provide a great part of the fertilizers required by the agriculturists of North America. Will Canada be able to continue this procedure after the war? The Canadian plants are now enjoying a very favourable situation but they realize that American investigators will, if they direct their energies to the task, be able to develop a similar fertilizer after the war. However, the Canadian plants believe they will succeed in holding a part of the United States market and perhaps find other foreign markets, improving efficiency of production."

Other reports indicate that the productive capacity of nitrate of ammonia of the three above mentioned plants amounts to 114,000 tons of nitrogen a year, the approximate equivalent of 700,000 tons of Chilean nitrate. As the Canadian soil requires only a relatively small proportion of this new productive capacity, practically all the fertilizers of those plants will be sold in the United States or other markets.

The Government of Chile can not conceal its concern at the possibility of deceased sales of sodium nitrate in the United States and in other world markets arising from the competition offered by the nitrate of ammonia manufactured in the plants which the Government of Canada has erected for purposes of national defence and believes the moment propitious to approach the Canadian Government, taking as a basis Article V of the Commercial Agreement with that country,[12] with the request that the above mentioned plants do not destine their production to normal agricultural uses.

The following considerations move the Government of Chile to make this representation to the Government of Canada:

(a) It must not be forgotten that natural sodium nitrate constitutes one of the basic exports of Chile and is therefore essential for the maintenance of its entire economy. These sales are vital to the very existence of an important section of the Chilean territory, which afford no means of employment other than the exploitation of the natural nitrate.

(b) The normal development of the country could not continue unless its sales of saltpetre were maintained at approximately over the 8% of the world consumption of nitrogen which was the situation before the war. This modest percentage of the world consumption of nitrogen does not assume for other producing countries the importance which it has for Chile. As far as the United States and Canada are concerned, the new plants have been established to meet the urgent needs of a period of emergency and a decreased participation in the sales of that product for normal agricultural uses would not fundamentally affect the entire economic life of the country, as would be the case in Chile.

(c) The United Nations are presently engaged in a struggle for the maintenance of the principles of liberty and the material and moral improvement of humanity. The Government of Chile considers, therefore, that an understanding attitude on the part of the United Nations with regard to this problem of capital importance to a sister country who has cooperated within the full measure of her abilities in the war effort of those Nations would be consistent with the spirit of the principles which they are upholding.

(d) The Government of Chile has made similar representations to the Government of the United States and has also sustained this point of view at the Rio de Janeiro Conference of Foreign Ministers[13] to the end that they

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[12]Canada, *Recueil des traites*, 1941, N° 16.
Canada, *Treaty Series*, 1941, No. 16.

[13]Troisième réunion des ministres des Affaires étrangères des républiques américaines, Rio de Janeiro, du 15 au 28 janvier 1942.
Third Meeting of the Foreign Ministers of the American Republics, Rio de Janeiro, January 15-28, 1942.

might adopt the necessary measures to prevent such serious detriments to the economy of Chile, and that the basic industries might be protected by means of friendly cooperation, based on continental inter-relationships and the recognition of the respective importance of those industries for the nations interested, thus preventing our country from being faced with a crucial situation which would not be in accord with the principles in question.

Although Canada did not participate in the Conference of Foreign Ministers at Rio de Janeiro, I believe that Resolution IX of that Conference is in perfect consonance with the policy of hemispheric cooperation which Canada has been implementing in so exemplary a manner. I take the liberty of reproducing below this Resolution:

"WHEREAS:

1. War conditions have caused some American countries to create, in special cases, emergency industries which normally would be considered without economic justification or contrary to the economic solidarity of America, and

2. It is imperative to avoid, insofar as possible, the injurious consequences of the facts outlined in the above clause relative to the economy of the American countries,

"BE IT RESOLVED:

That the Nations of America will stimulate the development of the basic production of each of them, avoiding as far as possible the establishment or augmentation of industries manufacturing substitute or synthetic products which are economically artificial and which might replace the consumption of natural products available in other American countries, admitting only those indispensable to national defence and always provided that this need can be met satisfactorily by natural products."

Finally, it may be pointed out, in support of the above, that this Resolution IX served as a precedent without doubt for the under-noted Declaration approved at the World Conference on Alimentation and Agriculture held in Hot Springs in 1943, and in which Canada participated:

"The fertilizers and other materials necessary for an intensified production should be made available to agriculturists as soon as possible — preferably nitrates from natural sources, where this is economically feasible."

As is known, this Resolution was adopted after a lengthy debate and replaced a motion proposing the construction of synthetic nitrogen plants in zones distant from existing plants.

The Government of Chile is deeply preoccupied with this situation and manifests to the Government of Canada its vital interest in obtaining its valued cooperation and reaching a mutually satisfactory understanding.

Accept etc.

DR. EDUARDO GROVE

**1115.** DEA/1387-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur du Chili*

*Secretary of State for External Affairs*
*to Ambassador of Chile*

No. 27 Ottawa, October 20, 1944

Sir:

I have the honour to reply to your note No. 302 of September 7, on the subject of the production of nitrate of ammonia in Canada and the possibility of decreased sales of Chilean sodium nitrate in the United States and in other world markets arising from the competition offered by the nitrate of ammonia manufactured in Canadian plants.

The Canadian plants were established on the basis of the forecast of requirements for explosives of the U.K. and Canadian war programs. When the anticipated interference with British chemical production by enemy air action did not occur to the extent envisaged in the forecast, it became possible to produce ammonium nitrate in the form of fertilizer to meet the pressing demands of the food programs of the United Nations. These demands are still urgent and we are moreover advised that there is a serious world shortage of nitrogen for fertilizer in prospect in 1945 and possibly for some years thereafter. There is, therefore, the expectancy that for some time to come both the Chilean and Canadian products will be needed to meet world requirements.

We appreciate fully the concern of the Chilean Government over any threat to an industry of importance to the Chilean economy from emergency industries which normally would be considered without economic justification. We are now examining the ammonium nitrate industry in Canada to determine whether it will be economically justified under peace time conditions. If it proves to be an industry unsound economically and not strategically essential, Government subvention to make it competitive in world markets with Chilean industry is not contemplated.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs.

**1116.** DEA/1387-40

*Le secrétaire d'État par intérim aux Affaires extérieures au chargé d'affaires au Chili*

*Acting Secretary of State for External Affairs to Chargé d'Affaires in Chile*

DESPATCH 28 Ottawa, October 25, 1945

Sir,

During the visit of the President of Chile to Ottawa,[14] a discussion took place between the members of the President's suite and the Acting Secretary of State for External Affairs, the Minister of Trade and Commerce and certain Canadian officials. At this meeting, which was held in the Prime Minister's Office, a number of matters were brought forward by the Chilean representatives, mainly relating to questions of trade between the two countries. The Chilean representatives, in particular, expressed their hope that a larger market would be found in Canada for certain Chilean agricultural products, in particular wine and malt. The possibilities in this respect are being further explored between the Chilean Embassy and the Department of Trade and Commerce. With respect to nitrates, they repeated an earlier request that the countries producing synthetic nitrates should not subsidize their production. They were given a general assurance that the extension of subsidies of this nature was not in accord with the international commercial policies favoured by the Government. They went on to say that their nitrate production for the next eighteen months or two years was already covered by contracts, let or under negotiation, amounting in all to some 2,300,000 tons. This was largely due to the intense shortage created during the war in certain countries, especially in Egypt, and their concern over their markets related to the period after the unusual current demand had diminished to normal proportions.

There was also some discussion about the purchase of ships by Chile in Canada and the Chilean representatives were asked to provide fuller details of what they required, so that it could be seen whether the demand could be met from new construction and from ships available for sale.

Finally, a request previously made by the Chilean Ambassador was repeated, to the effect that Chile would welcome an assurance of support by the Canadian Government for election to the Economic and Social Council of the United Nations. It was explained in reply that it was not the practice of the Canadian Government to pledge support in advance in a matter of this kind, and that this policy had been followed in connection with elections to the various organs of the League of Nations. The interest of Chile in securing election was warmly appreciated and would, without doubt, be taken into sympathetic consideration by the Canadian delegation to the first Assembly of the United Nations. The Canadian Government was itself concerned with securing the election of Canada to both the Economic and Social Council and

[14]Du 22 au 24 octobre, 1945./October 22-24, 1945.

the Security Council at this Assembly, but was not seeking definite pledges of support at this time from other Governments.

I enclose a copy of a despatch addressed to the Ambassador in Peru[†] dealing with a similar request of the Peruvian Government and I am sending Dr. Laureys a copy of this despatch for his information.

I have etc.

H. H. WRONG
for the Acting Secretary of State
for External Affairs

## PARTIE 5/PART 5
## CHINE
## CHINA

**1117.** DEA/5068-A-40

*Mémorandum du Premier ministre*
*au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Prime Minister*
*to Under-Secretary of State for External Affairs*

[Ottawa,] January 3, 1944

Mr. Roberston:

Please do not forget the intention of the Government to introduce legislation at the ensuing session to have the effect of repealing the exclusion features of the Immigration Act as regards the Chinese. I am anxious to mention the matter in the Speech from the Throne.

W. L. M. K[ING]

**1118.** W.L.M.K./Vol. 281

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures*
*au Premier ministre*

*Memorandum from Assistant Under-Secretary of State for External Affairs*
*to Prime Minister*

[Ottawa,] January 4, 1944

I have received your note to Mr. Robertson of January 3rd, concerning the adoption of legislation at the next session to repeal the Chinese Immigration Act. I find that the situation is as follows. It is necessary to substitute, for the Act, an agreement with the Chinese Government, which can be most effectively made in the form of a treaty. A draft treaty has been under consideration for some time. I think that you saw a copy of this draft about a

year ago.[15] Some changes of no great importance have been made in it as a result of further interdepartmental consideration, and I now attach a copy of the latest draft.† This has not yet been presented to the Chinese Minister, although its general provisions have been discussed with him. It has the concurrence of the Director of Immigration and of the Under-Secretary of State.

If the presentation of this draft is approved and the Chinese Government accepts it, Parliamentary action would, I think, have to be deferred until the treaty was signed and ready for ratification. An Enabling Bill is essential, since Article 5 over-rides both the Naturalization Act and the Common Law. Such a Bill could include the repeal of the Chinese Immigration Act, to take effect as soon as the treaty became operative.

If we are to get the matter completed during the session, we should start things moving now by approaching the Chinese Government with a definite proposal.

H. W[RONG]

P.S. Since dictating this note, I find that the draft agreement has been considered by the Department of Justice, who have made proposals for a few drafting changes which I am referring to the Legal Adviser for consideration. I expect that you will wish to secure the approval of Council before we submit the draft to the Chinese Minister.

H. W.

**1119.** DEA/3978-40

*Le secrétaire d'État aux Affaires extérieures au ministre en Chine*

*Secretary of State for External Affairs to Minister in China*

DESPATCH 20 Ottawa, February 17, 1944

Sir,

I have the honour to inform you that representations have been made here by interested persons with a view to ascertaining whether a portion of Canadian Red Cross Aid to China might be made available to the International Peace Hospitals founded by Dr. Norman Bethune, Canadian surgeon, in Northwest China.

In your despatch No. 234 of December 2nd† you indicate in paragraph 3 that allocation of Red Cross supplies received is made to the National Health Administration, the Chinese Red Cross, the Ministry of Education and the International Relief Committee in order to ensure the widest final distribution of these supplies among medical institutions serving the people of Free China. While it is recognized that the Canadian Government cannot officially request

[15]Voir le volume 9, documents 1481, 1485./See Volume 9, Documents 1481, 1485.

the Chinese Government to lift its blockade on supplies to Communist territory, we wonder whether it would be possible for you to do anything there unofficially to further the humanitarian service projected above by drawing to the attention of the International Relief Committee the continuing interest of the Canadian people in seeing that such Canadian Red Cross Aid as is sent to China is given the widest possible distribution without respect to political affiliation.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1120.** DEA/5068-B-40

*Le ministre en Chine*
*au secrétaire d'État aux Affaires extérieures*

*Minister in China*
*to Secretary of State for External Affairs*

DESPATCH 155 Chungking, China, March 4, 1944

Sir:

ENTRY OF CHINESE INTO CANADA

I have the honour to suggest that a reconsideration of the whole procedure required of Chinese who, like Mr. Chang Kia-ngau,[16] desire to enter Canada for business reasons or as tourists, is desirable. Viewed from this distance and without the advantage of previous experience, it appears to me that the system now in use was designed to discourage, not to facilitate, entry — to put obstacles in the way of those who might want to visit Canada. I have listened to many influential Chinese tell stories of the ridiculous (from their point of view) and undignified (from anyone's point of view) experiences they encountered when merely trying to pay a flying visit to Niagara Falls; and at times I have felt a little ashamed. I realize that there was a time when Canadian public sentiment was strongly in favor of maintaining impassable barriers against Orientals; but I imagine that this sentiment has changed in the last few years.

2. I am advised that anyone wanting to proceed to Canada through the United States must wait till he reaches the United States before his entry into Canada can be arranged; and I understand that this is because the port of entry must be specified in the document, a thing that could not be done here as the port to be used would not be known. There is some truth in this, and yet there is an error as well. For a planned trip, the port of entry would be known before the traveller left China.

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[16]Ministre des Communications de la Chine de 1937 à 1942; envoyé aux États-Unis de 1942 à 1945 pour y étudier la reconstruction économique.
Minister of Communications of China, 1937-1942; sent to United States on government mission to study economic reconstruction, 1942-1945.

3. The essential points, as I see them, are:

(a) it is desirable that men of the Chang Kia-ngau, banker, industrialist, business man, tourist, student types be encouraged to visit Canada and that all possible obstacles be removed from their paths; and

(b) more is known, or can be ascertained, about any one of this class here in China than can possibly be learned at the point in the U.S. where application would have to be made.

It would appear possible to have "permission to enter" approved here, with a port of entry named, if that is essential, or, in the alternative, to have the permit issued subject to approval as to port of entry at a Canadian or British Consular office in the United States. The important thing is to let the Chinese business man, traveller or student know, *before he leaves China*, that he will be allowed to enter Canada, and to save him from unnecessary hardships and humiliations when he is in the United States and actually trying to pass into Canada.

4. My whole argument may be based on false premises and on a faulty understanding of the actual situation. If it is, you will be in a position to make the necessary corrections. I am not anxious to have more detail routine work done here than is necessary; but I am quite prepared to undertake many more tasks in order to ensure that, with all necessary safeguards, Chinese of the right character bent on correct and innocent missions will be able to enter Canada smoothly, knowing in advance that they are going to be both allowed to visit Canada and welcomed when they get there. It has surprised me to find that Chinese think they have to suffer more indignities, and be more crudely treated, when going to Canada than when entering the United States. My own impression, gained after much experience, is that the Canadian immigration service is courteous but efficient while the American one is efficient but not courteous.

I have etc.

VICTOR W. ODLUM

**1121.** DEA/3978-40

*L'ambassadeur en Chine au secrétaire d'État aux Affaires extérieures*

*Ambassador in China to Secretary of State for External Affairs*

DESPATCH 163 Chungking, China, March 21, 1944

Sir:

CANADIAN RED CROSS AID TO CHINA

I have the honour to reply to your despatch No. 20 dated February 7, 1944. In this despatch you refer to the continuing interest of the Canadian people in seeing that Canadian Red Cross Aid to China should be distributed without

respect to political affiliation and specifically to the representations made to you by persons who are interested in having a portion of the aid made available to the International Peace Hospitals founded in Northwest China by Dr. Norman Bethune.

2. I am glad to be able to state that the Canadian Red Cross Advisory Committee at its monthly meetings of February and March took steps which would seem to ensure that some of the supplies which it is about to receive from Canada will reach these International Peace Hospitals. Before outlining these steps, however, as a matter of record I should like to set forth the system of organization through which Canadian Red Cross supplies are allocated and distributed.

3. As stated in my despatch No. 234 of December 2, 1943,[1] to which you refer, the *United States Red Cross* makes allocation of its supplies to four organizations, namely, the National Health Administration, the Chinese Red Cross, the International Relief Committee, and the Ministry of Education.

(a) The National Health Administration includes all government hospitals, government controlled hospitals and health centers throughout the country.

(b) The Chinese Red Cross has its own characteristic activities covering both civilian and military fields.

(c) The International Relief Committee is responsible for relief and medical aid extended to mission hospitals, private hospitals not covered by the other three bodies (including, for instance, the International Peace Hospitals), orphanages, schools and universities not under government control, medical clinics, etc.

(d) The Ministry of Education is responsible for hospitals attached to government medical schools and for government higher schools and colleges.

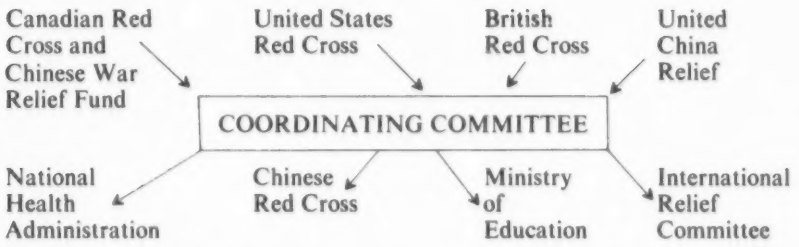
4. In this distribution of responsibility it is believed that all worthy medical organizations in China are covered and the United States Red Cross has agreed to leave to these four bodies the distribution of the supplies which it sends into the country.

5. A similar policy in relation to bringing in and distributing medical supplies has been adopted by the British Red Cross, United China Relief, and finally by the Advisory Committee which represents both the Canadian Red Cross and the Chinese War Relief Fund of Canada. A coordinating committee has been formed representing these four organizations. Dr. Stewart Allen, Chairman of the Canadian Advisory Committee, is the Committee's representative on the coordinating committee. The latter decides on:

(a) The total amount of medical supplies to be brought into China from each source; and

(b) The proportionate distribution which is to be made to the four Chinese bodies mentioned above.

The procedure may be charted thus:




It should be emphasized that this organization functions with respect to *medical supplies only* and not in relation to allocation of financial grants in aid.

6. Under ordinary circumstances, therefore, a portion of the medical supplies allocated to the International Relief Committee should find its way to the International Peace Hospitals which are of particular interest to many Canadians because of Dr. Norman Bethune's relation to them.

7. It was commonly believed, however, that even if supplies were allocated to the International Peace Hospital or other organizations in Communist territory, they might not reach their destination.

8. The Assistant Director of the International Relief Committee, Dr. T. S. Outerbridge, a Bermudian, who is also a member of the Canadian Advisory Committee, informed this committee in February that a request from the International Peace Hospitals had come to the International Relief Committee and had been granted.

9. Under these circumstances the Canadian Advisory Committee at its February meeting received a request from the China Defence League, of which Madame Sun Yat-sen is chairman, for a direct grant of supplies to the International Peace Hospitals and of money for the relief of orphans and refugees in the Northwest area.

10. The Committee at that time affirmed its adherence to the principle that its grants should be made regardless of the political affiliations of the recipients. Since there was some doubt in the minds of the members as to whether supplies would reach the hospitals in question, the chairman, Dr. Stewart Allen, was asked to confer with Madame Sun Yat-sen and report to the Committee at its March meeting.

11. Dr. Allen reported to the March meeting that medical supplies which had been forwarded to Yenan by trucks which had accompanied Chou En-lai when he travelled from Chungking to Yenan in July, 1943, had reached their destination, and that another shipment was soon going forward with the assurance from government authorities that it also would be permitted to go through. (Dr. Allen personally surmises that it is the intention to have this

shipment go on the convoy which will take the press correspondents on the proposed trip to the Communist area early in April.)

12. On receiving Dr. Allen's report the Canadian Advisory Committee at once recommended that a grant of medical supplies be made to the International Peace Hospitals plus a cash grant of CN$200,000[17] to the China Defence League for the relief of orphans and refugees. Dr. Allen and Dr. Outerbridge were requested to draw up the list of supplies which are to be taken from the goods already ordered from Canada.

13. It is not clear at this time of writing whether this allocation of supplies to the International Peace Hospitals will be approved by the coordinating committee as an allotment in excess of the allocations already made to the International Relief Committee or whether it will be taken out of the allocations already made to that committee. Dr. Allen will urge the former course. In any case, Canadian donors may be assured that a designated portion of medical supplies from Canada have been channelled through the Canadian Advisory Committee in Chungking to the International Peace Hospitals.

I have etc.

GEO. S. PATTERSON
for the Canadian Ambassador

**1122.** DEA/5068-B-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures au directeur de l'Immigration, le ministère des Mines et des Ressources*

*Acting Under-Secretary of State for External Affairs to Director of Immigration, Department of Mines and Resources*

CONFIDENTIAL Ottawa, March 29, 1944

I am enclosing herewith copy of despatch No. 155 of March 4th from the Canadian Minister (now Ambassador) in Chungking suggesting that the procedure governing the entry of *bona fide* Chinese visitors to Canada be re-examined with a view to enabling bankers, industrialists, businessmen, tourists, students and other such desirable classes to visit Canada more readily.

The opening of the Canadian Legation in China and its recent elevation to the status of Embassy is evidence of the importance which the Government attaches to the maintenance of close and friendly relations with our Chinese ally, both during the war and afterwards. In order to assist our Ambassador in China in his work we have, as you know, been giving consideration to the progressive removal of technical obstacles to good relations between our two countries.

Among such obstacles our immigration laws and regulations bulk larger than is their intent, and have become a symbol of racial discrimination. We hope that the new Sino-Canadian Immigration Treaty, which is now being negotiated, will go a long way toward the removal of this misunderstanding.

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[17]Chinese National.

I wonder if, as General Odlum suggests, it would not be helpful to the forging of good relations between Canada and China if we were, at this time, to re-examine our immigration regulations and practices as they apply to Oriental visitors in order to eliminate, without contravening the spirit of the Immigration Acts, technical difficulties that have been put in the way of their entry into Canada. I think there is a good deal to be said for an arrangement which would permit our Embassy in Chungking to tell prospective Chinese visitors in each case whether or not they will be admitted to Canada temporarily. If approval of a visit were granted in advance it would clearly be desirable for formalities at the border to be reduced as far as possible.

I should be grateful if you would be so good as to give your consideration to the suggestion which the Ambassador has made and let me have your views concerning the matter.

I am sending a copy of this letter to the Canadian Ambassador in Washington together with a request that he make any observations which he may consider pertinent.

H. H. WRONG

**1123.** DEA/5068-B-40

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

DESPATCH 957 Washington, April 14, 1944

CONFIDENTIAL

Sir:

With reference to your Despatch No. 461 of March 28th, 1944,[†] forwarding a despatch from the Canadian Ambassador in Chungking on procedure governing the entry of Chinese visitors to Canada, I am enclosing herewith a memorandum from Mr. Tremblay of this Embassy commenting on General Odlum's suggestions.

I have etc.

L. B. PEARSON
for the Ambassador

[PIÈCE JOINTE/ENCLOSURE]

*Memorandum du deuxième secrétaire, l'ambassade aux États-Unis, au ministre-conseiller, l'ambassade aux États-Unis*

*Memorandum from Second Secretary, Embassy in United States, to Minister-Counsellor, Embassy in United States*

[Washington,] April 11, 1944

Re: General Odlum's suggestions to facilitate the entry of *bona fide* Chinese visitors to Canada

The situation here is different inasmuch as United States citizens wishing to enter Canada do not need Canadian visas, and it is easy whenever we receive application for entry from Chinese to obtain Immigration's approval by teletype. We are, of course, in a position to tell Ottawa the port of entry, which will be used and the approximate date of entry.

But it is certainly anomalous that this Embassy, purely on account of its geographical proximity should be in a position to tell Chinese applicants whether they may enter Canada or not, while our Embassy in China, which necessarily receives far more applications, cannot do so.

It is highly desirable that such procedure along the lines suggested by General Odlum be devised. General Odlum suggests two alternatives: (a) to have "permission to enter" approved at our Embassy with a port of entry named, or (b) have a permit issued subject to approval as to the port of entry at a Canadian or British Consular Office in the United States.

In my mind procedure (b) although satisfactory in wartime because Chinese visitors travel to Canada via the U.S. would not be practicable in peace time when direct communcations are resumed. Inasmuch as we are considering making a change in the procedure, we might as well adopt procedure (a) which will be workable now and after the war.

If steps are taken to facilitate the issuance of visas by our Chungking Embassy to Chinese visitors, it would be desirable at the same time to give attention to the more general question of the issuance of visas by Canadian consular and diplomatic officers abroad, and the conditions under which these visas may be issued.

As it is, the Immigration Branch is for all practical purposes the only agency competent to decide whether or not a person may be admitted to Canada. The main criticism against this system is that the entry of aliens tends to be regarded solely from the Immigration standpoint. The present request from our Chungking Embassy is as good an example as any of the shortcomings of this procedure. A person who is not a good immigrant or non-immigrant under our Immigration law may be a very desirable visitor and vice versa. This goes to prove that the Immigration Branch is one agency concerned with the entry of aliens in Canada, but by no means the only one. Another disadvantage of the present system is that mentioned incidentally by General Odlum in his despatch. The officer abroad generally knows more about the character of the

applicant or is in a better position to find out than anyone else. He should, therefore, be given a good deal more authority regarding a decision of this kind than he has at present.

It may be interesting to note that the authority to decide whether any person may be admitted in the U.S. lies with the Visa Division of the State Department in consultation with other departments and consular representatives abroad. I am attaching herewith a short memorandum† setting forth the rules under which visas are issued to aliens who wish to enter the U.S. during wartime. Now that the Chinese Exclusion Laws have been repealed, applications from Chinese are dealt with under the same rules as applications from nationals of other countries. The point which this memo makes abundantly clear is that the question of admissibility into this country is not left mostly to the Immigration authorities.

A satisfactory solution regarding the disposal of applications for entry into Canada would probably necessitate the setting up of a Visa Section within our Diplomatic Division which in consultation with other departments including Immigration will have final authority in the matter. The establishment of a visa section is warranted by the coming expansion of our consular service and the growing importance of our diplomatic establishments abroad.

As a preliminary step, I would suggest that our missions abroad be asked to submit their views as to the best procedure to follow relative to the issuance of visas.

P. T[REMBLAY]

**1124.** DEA/5068-B-40

*Le directeur de l'Immigration, le ministère des Mines et des Ressources, au sous-secrétaire d'État aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources, to Under-Secretary of State for External Affairs*

CONFIDENTIAL Ottawa, April 22, 1944

I have read with a great deal of interest copy of despatch No. 155 of March 4th, from the Canadian Ambassador in Chungking dealing with the entry to Canada of Chinese visitors, which accompanied your letter of the 29th ultimo, and I fully agree that everything possible should be done to remove the difficulties referred to by General Odlum.

Having been closely associated with the administration of immigration legislation governing Chinese for the past 50 years, I venture to record herein some facts and comment which I hope will be of value in dealing with this difficult problem in Chungking and assist in dispelling some of the erroneous beliefs of the Chinese in regard to the application of the present Act.

An examination of immigration statistics will show that the Chinese Immigration Act of 1906 did not effectively control the admission of Chinese to Canada and that immediately after the last war there was a determined and

partially successful attempt to secure the admission to Canada of Chinese labourers first as merchants and later as students. It is not necessary to relate here all the various administrative measures adopted to control these movements, but it became apparent that legislative action was the only solution to the problem.

In June, 1923, the present Act was passed and, while the same provided for the admission of merchants and university students, it prohibited the admission of wives and children, restricted Chinese to certain ports of entry and effectively put an end to the admission of Chinese immigrants; it did not provide for the entry of tourists, business and professional classes, etc., unless the use of the Minister's permit can be described as such. It can thus readily be seen that educated Chinese who became conversant with the Act would be apt to resent and criticize the same.

Resentment of the provisions of the Act has been expressed in the form of complaints of discourteous treatment of tourists and other Chinese visitors by Canadian officers, claims of refusal to admit high ranking persons at Canadian ports, etc., and these complaints have, on occasion, been widely circulated. I have no doubt it is some of these stories to which the Ambassador refers in paragraph one of his note of March 4th. A number of instances that are recited never occurred and other complaints, on investigation were found to be unfounded.

It will be observed that the very terms of the Chinese Act make its administration difficult and subject to misunderstanding and criticism. For instance, to limit the entry of visitors and tourists to certain specified ports, to subject such persons to manifesting on trains, would be impracticable and the Department has, therefore, to some extent regulated non-immigrant traffic by the intent rather than by the letter of the law. The instructions contained in Departmental Official Circular No. 22, of which copy is attached,[1] will illustrate this point.

The Ambassador refers to Chinese paying flying visits to Niagara Falls and the difficulties experienced in doing so. Canadian officers have always facilitated such visits from the United States, but the situation at Niagara Falls illustrates a difficulty with which Canadian officers are sometimes confronted, necessitating delicate handling of individual cases. Until recently United States Immigration officials considered that if a person of Chinese origin left the United States without pre-investigation establishing readmissibility, he could only again secure re-entry upon fully complying with the law. This meant considerable inquiry and, of course, delay. At Niagara Falls our officers made it a practice of securing verbal assurance of re-entry from United States officers opposite, if such assurance was not forthcoming and this occasionally happened, the applicant was told that compliance with his request for entry would cause him embarrassment. Strange to say when a situation such as this arose, the resultant annoyance was usually directed against Canada. The same situation sometimes developed at other border ports in dealing with Chinese citizens temporarily in the United States who applied for entry to Canada for short visits.

I believe I am correct in stating that since the present Chinese Act came into effect no Chinese citizen of the classes mentioned in paragraph 5 (a) of the Ambassador's despatch, coming to Canada for a temporary purpose from abroad, has been refused entry to this country on the ground of race. There have been instances of Chinese coming from the United States with the intention of returning thereto not being admitted for the reasons set out in the proceding paragraph.

The recent change in the United States law relating to Chinese whereby such persons are now dealt with in the same manner as other races, has simplified the problem of Canadian inspectional officers on the International Boundary because the matter of their return to the United States without difficulty can be determined with reasonable accuracy by our officers. This fact will eliminate some of the troubles that have existed in the past and that unfortunately have all too frequently been laid at our door.

Dealing now with the main point raised in the Ambassador's despatch, there is no objection to the Embassy granting visas without reference to Ottawa, to visitors of the classes described in the despatch. Our officers will be instructed that the presentation of passports duly vised will indicate that the Embassy has conducted the necessary inquiries and established the bona fides of the applicant.

In the case of merchants and students described in Section 5, (i) (ii) of the Chinese Act, the requirements are not so simple. Experience has proven that many Chinese desiring admission to Canada for permanent residence as merchants are really clerks and sometimes labourers. They present manufactured evidence indicating investments in Chinese firms in Canada; investigating at this end establishes the investment claim is false and frequently discloses that the firm is nothing more than a small shop in the Chinese section of one of our larger cities. Investigation in this class of case at this end is essential.

In the student case evidence of admissibility to a Canadian university should be in possession of the applicant and he should also establish that his finances are sufficient before being granted a visa.

Both merchants and students should bring with them three small photographs which will be required by the Department for their certificates and official records as required by the provisions of the present Act.

There will not likely be immigrant merchants coming from China during the war, but I understand from correspondence exchanged that some students will be coming forward; as they will not be admitted at Vancouver or Victoria as called for by the Act and will travel via the United States, we should have advance advice from the Embassy of their expected arrival and port of entry so that appropriate instructions may be issued to the officers concerned.

I realize that this letter is rather lengthy and has dealt with points somewhat beyond the Ambassador's inquiry. I have, however, felt that an outline of the problems caused by existing legislation and the means taken by this Service to overcome them would be of interest to the Ambassador and his staff. I know that General Odlum has had numerous opportunities to judge the work of the

Inspectional Staff of the Immigration Service and the kindly reference to the same in the closing sentence of his despatch is much appreciated.

A. L. JOLIFFE

**1125.** DEA/5068-B-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Chine*

*Secretary of State for External Affairs to Ambassador in China*

DESPATCH 96 Ottawa, April 27, 1944

CONFIDENTIAL

Sir:

With reference to your despatch No. 155 of March 4th concerning the entry of Chinese visitors into Canada I have the honour to enclose herewith copy of a confidential letter of March 29th sent to the Director of Immigration forwarding copy of your despatch under acknowledgment and copy of Mr. A. L. Jolliffe's reply thereto dated April 22nd. You will note that the Director of Immigration has gone to considerable trouble to prepare a full explanation of the present regulations.

2. I may also say for your own information that consideration is now being given to the modification of existing regulations concerning persons of Chinese race "in transit" or on "temporary visits" to Canada, and that an Order-in-Council may be passed in the near future which would remove any discrimination against persons "in transit" or on "temporary visits" on the ground only that they are of Chinese origin or descent. A copy of the Order-in-Council will be forwarded to you as soon as it is passed.

3. A copy of this despatch is being sent to the Canadian Ambassador in Washington.

I have etc.

H. L. KEENLEYSIDE
for the Secretary of State
for External Affairs

**1126.** DEA/5068-B-40

*Mémorandum au ministre de la Justice*

*Memorandum for Minister of Justice*

[Ottawa,] April 28, 1944

You will recall that on March 31 a short debate occurred in the House in connection with the case of a Chinese woman having United States citizenship who was removed from a train about to enter Canada from Detroit en route to Buffalo. The case received a great deal of attention and emphasized the

desirability of doing something to modify the present regulations which are imposed under the Chinese Immigration Act on Chinese persons passing through Canada "in transit".

(2) The regulations concerning the entry of persons of Chinese race for temporary visits are also very strict and these will undoubtedly be subject to criticism in the near future unless they are modified. In the same way, strict regulations which should be altered affect the position of Chinese persons domiciled in Canada who leave Canada for the purpose of temporary visits.

(3) This entire matter has been discussed with the Immigration Branch of the Department of Mines and Resources and agreement has been reached on the attached Recommendation to Council.[1] The matter has not been placed before the Prime Minister, but I doubt if there will be any need or if it would be desirable to wait for his return. It is possible that in the interim, cases might occur which would give very undesirable further publicity to the existing position. Moreover, if the order were passed, it could be presented as being the first step toward the ultimate settlement of the Chinese immigration position which was foreseen by the Prime Minister in his brief remarks in the House concerning the negotiations for an immigration treaty.[18] The recommendation attached would go part way toward the final position contemplated and would not conflict with any of the terms under consideration.

(4) You will note that the proposed order would be under the War Measures Act. This may seen somewhat anomalous, but the reason for doing this arose out of the fact that the "in transit" regulations have regard in particular to the movement of indentured Chinese labour from China to the West Indies and from the West Indies to China through Canada. For the duration of the war this traffic does not exist. It is therefore possible under the War Measures Act to deal with the matter of a temporary basis without having to consider the technicalities that would be involved if a permanent settlement of the position of "in transit" indentured labour were to be considered. At the end of the war this aspect will have to be covered and the necessary consideration can be given without promoting any enquiry, if it is obviously necessary to make some new peacetime provision.

(5) If you approve, I shall inform the Director of Immigration that he might place this matter before Mr. Crerar for presentation to Council.

**1127.** DEA/5068-B-40

*Décret en Conseil*
*Order in Council*

P.C. 3378 Ottawa, May 5, 1944

WHEREAS the Minister of Mines and Resources reports that it is desirable to modify in some respects the provisions of the Chinese Immigration Act in

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[18]Le 17 avril 1944. Canada, Chambre des communes, *Débats*, 1944, volume II, p. 2137.
April 17, 1944. Canada, House of Commons, *Debates*, 1944, Volume II, p. 2066.

relation to (a) persons passing in transit through Canada, (b) those entering Canada for temporary visits, and (c) legal residents of Canada registering for visits abroad:

THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Mines and Resources (concurred in by the Acting Secretary of State for External Affairs) and under the authority of the War Measures Act, Chapter 206, of the Revised Statutes of Canada, 1927, is pleased to order and doth hereby order as follows:

(1) The regulations and provisions with regard to persons of Chinese origin in transit through Canada as established by Orders in Council P.C. 1273 dated the 10th July, 1923,† and P.C. 71/436 dated the 24th March, 1925,† are hereby rescinded.

(2) Persons in transit, within the meaning of Section 22 of the Chinese Immigration Act, shall be those persons of Chinese origin or descent passing in continuous journey through Canada to a port or place out of Canada, and shall be subject to the provisions of the Immigration Act and of any order or regulation made thereunder relating to entry into Canada, provided that no such person in transit shall be permitted to land or remain in Canada.

(3) Notwithstanding anything provided in the Immigration Act, the Chinese Immigration Act, or any Order or Regulation made thereunder, no person shall be denied entry to Canada for a temporary visit at a port of entry on the ground only that he is of Chinese origin or descent or that he is applying at a port other than one designated in Section 7 of the Chinese Immigration Act.

(4) Notwithstanding the requirements of Section 24 of the Chinese Immigration Act, registration as required by Section 23 of the said Act shall not limit the person so registering to one visit abroad during the period of validity of the said registration provided such registration is effected subsequent to May 1st, 1944, and the final visit is not extended beyond the period of registration as defined by Order in Council P.C. 10160 dated the thirty-first day of December 1941.†

A. D. P. HEENEY
Clerk of the Privy Council

**1128.** DEA/5068-A-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] June 2, 1944

THE CHINESE IMMIGRATION TREATY

1 — Dr. Liu, the Chinese Ambassador, called on the Under-Secretary of State for External Affairs this morning to discuss the proposed Immigration

Treaty between Canada and China. Mr. Robertson asked Mr. Keenleyside to participate in this discussion.

2 — Dr. Liu stated that, after careful examination, his government had found it impossible to accept the principle on which the draft treaty was based. The Chinese objections are:

A — that the treaty, while in form reciprocal as betweeen China and Canada, was in fact discriminatory because it would establish a distinction in Canadian policy between the admission of Chinese and of other foreigners to Canada.

B — that, if accepted by China, the treaty would be seized upon as a precedent by other countries that desired to prevent Chinese immigration.

3 — Dr. Liu pointed out that a number of other countries — chiefly in Central America — had recently abolished their regulations which prevented the entry of Chinese immigrants. The Chinese Government hopes that Canada will do the same. He added that the Chinese Government is not anxious to foster emigration and would, in fact, impose very strict controls against any large scale movement to Canada or elsewhere.

4 — It was pointed out to Dr. Liu that Canada is in a very different position from Cuba, Trinidad or Honduras, and that even the solution adopted by the United States (the establishment of a quota under the general United States scheme of immigration control) would be practically impossible in this country. It was added that, although the proposed treaty did provide a special regime for Chinese wishing to enter Canada, it was a regime under which, in certain conditions, Chinese would actually be favoured in comparison with other peoples. Moreover, insofar as the treaty might be considered discriminatory, it was mutually so — Canadians going to China would be treated exactly as would Chinese coming to Canada. Finally, it was argued that even if the proposed treaty was not perfect, it would represent a very material advance on the present position and might eventually be employed as a stepping stone to something better.

5 — In the course of the discussion, which lasted over an hour, it was also pointed out to Dr. Liu that there could be little hope of the present Chinese Immigration Act being repealed unless some workable agreement could be reached; that political and demographic conditions in Canada would make it quite illusory to hope for a complete relaxation of the rules against Chinese immigration in any foreseeable future. The failure to maintain strict control over the influx of Chinese, if it should come about, would, moreover, make it proportionately more difficult to remove the few remaining handicaps under which persons of Chinese race now in Canada suffer.

6 — Dr. Liu was clearly not optimistic that his Government would be prepared to accept the argument that half a loaf of bread was better than no cake. He agreed, however, to explain the Canadian viewpoint again to Chungking and was obviously sorry that it has been impossible to make progress towards agreement.

7 — If the Chinese Government are determined to insist upon complete equality for their nationals under the Canadian immigration regulations, there would seem to be no alternative to the maintenance of the present Chinese Immigration Act. Any movement towards the repeal of that Act, which was not accompanied by the concurrent implementation of a new policy that would provide effective control, would cause immediate and grave difficulties in British Columbia. And under present circumstances the attitude of British Columbia would be likely to receive strong support elsewhere in Canada.

8 — The next step would seem to be clearly up to Chungking. It has been explained that Canada cannot accept the ideal solution desired by the Chinese Government. Ottawa has, however, made a useful and a friendly offer. On second thought perhaps China will be willing to accept this offer rather than face an indefinite continuance of the present situation.

[N. A. ROBERTSON]

**1129.** W.L.M.K./Vol. 244

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] February 5, 1945

I am rather concerned over two or three points on which General Odlum has placed emphasis during discussions in the Department.[19] As he will be seeing you tomorrow afternoon, I am sending you this note.

General Odlum admits that there is no real chance of Chinese troops proving to be of military value in defeating the Japanese. He has argued strongly since his return from Chungking that despite this, we should send arms and munitions, under Mutual Aid or otherwise, to the Chungking Government on the ground that it is so much in our interest to maintain Chiang Kai-shek in power, both now and after the war, that we should grant military assistance of this nature. He maintains that the United States has aided Chiang Kai-shek for this purpose, but this has been denied in Washington. It would certainly not be in accordance with the Mutual Aid Act for us to supply munitions to China unless we were satisfied that they would contribute to winning the war against the Japanese to such a degree as to deserve priority over other destinations. It seems to me that it would be dangerous for us to adopt the course which he suggests, which could be regarded as interfering in internal Chinese affairs.

General Odlum is also very critical of the current United States policy of "compelling" the Kuo Min-tang to reach an agreement with the Communists in Yenan, and he considers that Canada should not support any such effort to

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[19]Le général Odlum était à Ottawa du 29 janvier au 16 février pour des consultations.
General Odlum was in Ottawa from January 29 to February 16 for consultation.

bring about internal unity in China. I doubt that we could do very much one way or the other to influence a solution of this Chinese internal problem, except that General Odlum's personal prestige in Chungking is high and he might on his return be able to encourage the Generalissimo to resist United States pressure. Here too, I feel that we should follow a policy of "hands off".

The general wishes to secure from you some guidance as to the line he should take on his return to China, and it seems likely that he will raise with you particularly these two matters of military supplies for Chiang Kai-shek and of his dislike of the new United States policy towards the Communists.[20]

H. W[RONG]

**1130.** DEA/5068-B-40

*L'ambassadeur en Chine*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in China*
*to Secretary of State for External Affairs*

DESPATCH 465 Chungking, China, October 9, 1945

Sir,

CHINESE IMMIGRATION "DISCRIMINATION"

I have the honour to advise you that on a number of occasions recently Chinese friends of mine have called my attention to a report from Washington, dated Sept. 27, announcing that representatives Helen Douglas and Frank Havenner have introduced identical bills in Congress to remove discrimination against American citizens of Chinese origin. (I am enclosing herewith a copy of the Central News Agency despatch which made the news public in Chungking.)'

2. Ever since coming to China I have waited patiently for a lead from the Department as to the course Canada proposes to follow in connection with the rectification of Chinese immigration restrictions. On all occasions I have defended Canada's position and I am, of course, quite prepared to continue doing so. Canada's case is a good one, based upon the assumption that the conditions which prevailed when it was formulated still exist. But any thoughtful person must agree that the assumption is not sound. There have been very important changes, not the least of which is the complete elimination of Japan from the picture. Japan has eliminated itself.

3. All will agree that Japanese must be completely barred from Canada for a long time to come. But the same unanimous judgment will not extend to the Chinese. True, the old major consideration does still prevail — China has an overwhelming number of people of a very low standard of living, available for migration. Canada cannot accept many of them, without endangering her own

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[20]Note marginale:/Marginal note:
approved. W. L. M. K[ing] 10-2-45.

economy and standards. China knows this and knows that there must be restrictions on the possible flow from China to Canada. But the restrictions should not, however, be on racial grounds. We must not exclude a man because he is a Chinese; but we may control his movement to Canada because he represents a migratable group beyond our capacity to assimilate.

4. It seems to me that the token acceptance of Chinese immigration, such as the Americans have adopted is the correct answer. Based upon American and Canadian populations, the relative proportions should be as 10 to 1; that is, if the Americans admit 105 per year as acceptable immigrants, Canada should accept 10. But based upon the relative Chinese populations of the two countries, the proportion, I think, would be about 3 to 1; or 35 Chinese immigrants permitted per year to enter Canada as against 105 for the United States.

5. I sincerely hope that Canada will raise the issue herself before it becomes important in the eyes of the Chinese. At the present moment, the position of Canada in China is exceedingly good. This favorable atmosphere should, I submit, be capitalized and a definite effort should be made to reach a happy understanding on a reciprocal basis. If Canada allows a certain number of Chinese to migrate to Canada, a similar privilege should be extended to Canadians by China; and, above everything else, the rights (of property ownership, for example) extended to Chinese in Canada should be extended to Canadians in China. May I urge that this matter be given renewed study?

I have etc.

VICTOR W. ODLUM

**1131.** DEA/3978-40

*L'ambassadeur en Chine*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in China*
*to Secretary of State for External Affairs*

DESPATCH 497 Chungking, China, October 24, 1945

CONFIDENTIAL

Sir:

CHINA WAR RELIEF FUND & "BETHUNE" HOSPITALS

I have the honour to advise you that I have twice within the last few days, talked with Madame Sun Yat-sen in connection with the suggestion that the China War Relief Fund of Canada, acting through the Friend's Ambulance Unit (under Dr. R. McClure) and cooperating with the China Defence League (henceforth to be known by its new name of the China Welfare League), the head of which is Madame Sun Yat-sen, should take over the task of restoring the "Peace" or "Bethune" Hospitals, a name they bear because of the association with them of a famous Canadian who lost his life in China during

the war. At present they are "cave" hospitals, in the Northern or "border" area. My second visit to Madame Sun was to meet Chou En-lai, who speaks for the Communist Party as its senior representative in Chungking now that Mao Tze-tung has gone North again.

2. Both Madame Sun and Chou En-lai welcomed the suggestion that Canada should take major interest in the Bethune hospitals, and make of them an institution that will be recognized as predominantly Canadian. I made it quite clear that I had no thought that Canada should take over full responsibility. The responsibility would continue to rest on Chinese shoulders, Canada merely appearing as a friendly helper. If Canada were ever to play a greater role, it would only be by agreement following frank negotiation.

3. Chou En-lai suggested that if the C.W.R.F. in Canada approved the general proposal, a committee of three should be set up to supervise and be responsible for the undertaking, but not to assume the burden of direct administration. He named Madame Sun Yat-sen, Dr. Sun Fo[21] and myself — Madame Sun representing the "left" and the China Defence League, Dr. Sun Fo, in person but not officially, representing the Central Government, and myself representing Canada. The hospitals would be actually administered jointly by the F.A.U. and the China Defence League, under an agreement to be worked out.

4. No commitment has been made, but the prospects seem promising. If the project is carried through, it will establish Canadian prestige in the North as it is already established, through the West China Union University, in Szechwan.

5. This despatch, of course, does not suggest any action. It is merely intended to bring your information up to date pending approval by the C.W.R.F. of the proposal put forward by the China committee.

I have etc.

VICTOR W. ODLUM

**1132.** DEA/3978-40

*L'ambassadeur en Chine*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in China*
*to Secretary of State for External Affairs*

No. 471 Chungking, China, November 29, 1945

Chinese War Relief Fund. My telegram No. 332 of October 18th† and my despatch No. 483 of October 18th† and my despatch No. 553 of November 27th.† In view of the extent and possible duration of civil strife, the Committees representing Canadian Red Cross and Chinese War Relief Fund have decided that Bethune Hospital project is not now a practical one. It will probably have

[21] Membre, Comité exécutif central du *Kou-min-tang* et président du *Yuan* législatif.
Member, Central Executive Committee of the *Kuomintang* and President of the Legislative *Yuan*.

to revert to former type of programme and message to that effect[22] will quickly follow. There is no alternative, for no other project with a strong Canadian appeal is in sight. Under these circumstances, I think Michael Harris,[23] now in London, should not proceed to Canada.

## PARTIE 6/PART 6

## CUBA

**1133.** DEA/288-40

*Le secrétaire d'État aux Affaires extérieures au ministre de Grande-Bretagne à Cuba*

*Secretary of State for External Affairs to Minister of Great Britain in Cuba*

Ottawa, January 22, 1945

Sir,

I wish to refer to the matter of the effective extension of the Cuban flour import subsidy to Canadian flour, as a question of concern to the Canadian Government.

The difficulty arises from an agreement reached recently between the Cuban Minister of Commerce and a committee of flour importers of the Havana Produce Exchange, the pertinent excerpt from which is as follows:

"(a) The importers, on behalf of themselves and in the name of the other members of the Chamber, undertake beginning to-morrow to acquire in the United States of America wheat flour in sufficient quantities for the necessities of the country, although this promise is conditional upon the shipping facilities granted by the United States and by the Government of Washington allowing for the situation that prevails.

"(b) On his part, the Minister of Commerce in the name of the Government, guarantees that he will arrange official measures to assure to each importer who makes importations into Cuba of wheat flour without the special subsidy of $2.70 per 200# which was enjoyed on the product up to the present, a domestic subsidy equivalent to the difference between the general subsidy which rules at the time of shipment and the expressed subsidy of $2.70, plus the difference that results by reason of the 2% tax on the export of money and the 1/10 bank exchange and the 2% consular charges on the mentioned difference."

It is not clear whether the agreement limits the flour to that of United States origin. The Cuban Minister of Commerce did not specify any point of origin but did base the import subsidy calculation on the difference between the United States general export flour subsidy and the special flour subsidy.

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[22]Non trouvé./Not located.

[23]De la Croix rouge canadienne./Of the Canadian Red Cross.

We are naturally anxious to have the subsidy apply to Canadian flour and also to flour milled in bond in the United States from Canadian wheat. Although Canadian flour has not been exported in large volume to Cuba in recent years because of the United States subsidies and the Cuban tariff restrictions, nevertheless, over 90% of the Cuban flour importations were exported from the United States in bond mills located in Buffalo. These mills ground Canadian wheat exclusively for export to Cuba and obviously cannot continue to utilize Canadian wheat unless their exports participate in the Cuban import subsidy.

I understand that this question has been brought to your attention also by L. A. Cabrera and Company Ltd, agents of the Maple Leaf Milling Company Limited, and that the Canadian Trade Commissioner in Havana has been furnished with copies of the agreement and other correspondence.

I should appreciate your consideration of the matter and if in your opinion it is one that can appropriately be discussed with the Cuban authorities informally, will you be kind enough to make such representations as you think desirable? If you find that any formal representations are necessary, I shall be glad to forward a note for that purpose.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1134.** DEA/288-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 35 London, February 20, 1945

Following from His Majesty's Minister, Havana, to Foreign Office No. 19, dated 19th February for retransmission to you, Begins:

Your despatch of January 22nd, Cuban flour import subsidy. After careful consideration I should prefer to await conclusion of Cuban-United States sugar contract before expressing an opinion as to whether representations of the Cuban Government on the flour question are desirable. There seems to be little doubt that question of flour subsidy is connected with sugar negotiations. Despatch[1] will follow in due course. Ends.

**1135.** DEA/439-40

*Le ministre à Cuba au secrétaire d'État aux Affaires extérieures*
*linister in Cuba to Secretary of State for External Affairs*

DESPATCH 93 Havana, November 19, 1945

RESTRICTED

Sir,

I have the honour to enclose copies of the following documents' relating to proposals that have been recently made by the directors of Canadian life insurance companies in Cuba, after conversations with persons interested in promoting the sales of Cuban cigars abroad, looking to the possibility of opening the Canadian market to Cuban cigars in exchange for a relaxation of Cuban taxes on capital invested abroad.

1. Memorandum by Mr. William A. Campbell, Chairman of the Life section of the Cuban Union of Representatives of Insurance Companies, re: Tax on Capital invested abroad.

2. Letter from Mr. H. A. Chisholm, Manager for Cuba of the Sun Life Assurance Company, to Roy C. Grant, dated Nov. 9.

3. Letter and enclosed memorandum by J. L. Mutter, Commercial Secretary, Canadian Legation, to Mr. C. M. Croft, dated Nov. 9.

Mr. Campbell called on me on November 10, to leave his memorandum and explained that Canadian Companies had heretofore received some protection under Article 4 of the Anglo-Cuban Commercial treaty but that, with the establishment of the Canadian Legation here in Havana, Cuban Government officials argued that Canadian Life Assurance companies should no longer enjoy this privilege. They were prepared, he said, to negotiate the matter and suggested that Canada should make Cuba some trade concession in return for a relaxation of the tax on capital invested abroad which is on the statute books now but has never been collected. Whether the idea of Canada offering customs concessions to Cuban cigars originated with the Cuban Government or with one of the Canadian Life Insurance Company managers (possibly Mr. Chisholm) is of little importance. It is, however, of interest, that as Mr. Campbell points out, the suggestion appealed to the Minister of Finance, the Prime Minister and the President himself. I told Mr. Campbell that I would be glad to transmit his memorandum to you but pointed out that balancing two such different concessions would be difficult. I said that I hoped that eventually Cuba and Canada might conclude a general commercial treaty but that discussions of its terms should probably better wait until the conclusion of Anglo-U.S. and Canadian trade and loan discussions in Washington were completed and it was possible to see what the future of the Empire preference system was.

Mr. Chisholm's proposals which as you can see he took up with Mr. Mutter just before his departure are along similar lines to those made by Mr. Campbell in his memorandum. Mr. Mutter has not yet received a copy of Mr.

Chisholm's letter to Mr. Roy C. Grant and I should be grateful if you would be good enough to let him see a copy of the letter as well as Mr. Campbell's memorandum while he is in Ottawa. He will of course be in a good position to discuss these suggestions with you within the framework of possibilities for the future development of trade between Canada and Cuba.

I have etc.

EMILE VAILLANCOURT

**1136.** DEA/439-40

*Le ministre à Cuba au secrétaire d'État aux Affaires extérieures*
*Minister in Cuba to Secretary of State for External Affairs*

DESPATCH 96 Havana, November 23, 1945

RESTRICTED

Sir,

I have the honour to refer to my despatch No. 93 of November 19 enclosing copies of certain documents relating to a proposal that Canada grant certain customs privileges to Cuban cigars in return for taxation concessions to Canadian insurance companies. With this despatch, I enclose a copy of a memorandum prepared by the Cuban Union of Insurance Company Representatives,[1] and submitted to my colleague, the United Kingdom Minister, pointing out that the reception given to the Cuban trade delegation visiting Great Britain now with a view to securing the reopening of the United Kingdom market to Cuban cigars will have a direct bearing on the attitude which the Cuban Government will take toward the adjustment of taxation claims against foreign insurance companies for the capital they have invested abroad.

You are aware that Canadian insurance companies have received a measure of protection heretofore under Article 4 of the Anglo-Cuban Commercial Treaty. I understand from my colleague, Mr. Dodds, that Mr. H. A. Chisholm, Manager for Cuba of the Sun Life Assurance Company of Canada, accompanied the group of British Fire and Marine Hazard Assurance Company representatives when they left the enclosed memorandum with him. As you may observe, the memorandum, itself, does not suggest that the Canadian companies should not continue to receive the benefit of protection given them under the terms of the Anglo-Cuban Commercial Treaty whose provisions have been suspended during the period of the war because of the United Kingdom import difficulties. Now that Canada has established separate diplomatic representation here in Cuba, I doubt if Canadian companies can claim protection under the Anglo-Cuban Commercial Treaty much longer. Accordingly, it would seem advisable to bear in mind, when the terms of any future Cuban-Canadian commercial treaty are being considered, the desirability of incorporating an article which would protect Canadian

insurance firms and banks against what they consider as arbitrary taxation policies of the Cuban Government.

I have etc.

EMILE VAILLANCOURT

**1137.** DEA/439-40

*Le directeur, relations commerciales, le ministère du Commerce, au sous-secrétaire d'État aux Affaires extérieures*

*Director, Commercial Relations, Department of Trade and Commerce, to Under-Secretary of State for External Affairs*

Ottawa, December 29, 1945

This Division has been considering despatches (Numbers 93 and 96) from the Canadian Minister to Cuba regarding the suggestion that tariff concessions be granted on Cuban cigars in return for an undertaking by Cuba to relax the tax on capital invested abroad by foreign insurance companies operating in Cuba.

This matter as it relates to the Canadian Customs Tariff is primarily one of concern to the Department of Finance. We have, however, some observations which may have a bearing on more general aspects of the question.

It is suggested that a large proportion of the cigars that might be imported into Canada under lower rates of duty would be purchased by U. S. tourists in Canada to take home under the provisions of the $100 exemption. If this should turn out to be the case, it would automatically have the unfortunate effect that to the extent the tourists took home Cuban cigars, their other purchases in Canada would be reduced. In any case the United States Tariff Act permits the importation of not more than 100 cigars under the tourist privilege.[24] If there should develop any large importation of Cuban cigars from Canada, there might be a disposition in the United States to reduce even further the number of cigars allowed entry or to place new restrictions upon the general privilege. We should deprecate any action which might lead the United States authorities to give consideration to withdrawing or reducing the privilege as it exists.

We doubt also the wisdom of granting a tariff concession under the threat of a confiscatory tax on insurance companies. We desire to obtain more favourable tariff treatment in Cuba for Canadian products. Particularly we should like to see the surcharges which sometimes apply to Canadian products removed and we should like to obtain most-favoured-nation treatment. To this end it would be desirable to retain our bargaining position in respect of an important Cuban export commodity like cigars.

It may well be that there are good reasons why the Canadian tariff on high quality cigars should be reduced in the interests of our own consumers and the

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[24]Note marginale:/Marginal note:
dubious logic. F. H. S[oward].

Canadian revenue. Even so, we should prefer to try to obtain suitable and adequate trade concessions in return. Cuba is to be one of the "drafting" countries in the series of bilateral trade negotiations to be undertaken in the spring. We shall accordingly doubtless be negotiating an agreement with Cuba at that time. It is suggested that the question of the taxation of insurance companies should if necessary be taken up with the whole complex of trade relations and not as an isolated item and if possible a clause similar to article 4 of the Anglo-Cuban Trade Agreement could be inserted in the treaty with Canada. In the meantime we question whether much will be gained by immediate capitulation under a threat of more onerous conditions for our insurance companies, particularly as we understand the same menace applies to United States and United Kingdom companies, notwithstanding the provision in the Anglo-Cuban Trade Agreement.

The relevant article of the Anglo-Cuban Treaty of February, 1939 reads as follows:

"The Government of Cuba agree not to subject British insurance enterprises to legislation imposing conditions which are in any respect more onerous than those already applying to the conduct of their Cuban business."

H. R. KEMP

## PARTIE 7/PART 7
## TCHÉCOSLOVAQUIE
## CZECHOSLOVAKIA

**1138.** DEA/7670-40

*Le ministre de Tchécoslovaquie*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Minister of Czechoslovakia*
*to Associate Under-Secretary of State for External Affairs*

No. 1176/45 Ottawa, June 29th, 1945

Dear Mr. Wrong,

I beg to refer to our previous correspondence concerning the Canadian-Czechoslovak Trade Agreement concluded in Ottawa between our two Governments on March 15th, 1928.[25]

With regard to the fact that the Convention did not cease on the occurence of war, although its effects were suspended while hostilities lasted — which is also the attitude of the Czechoslovak Government — I would be very grateful if the suspension period could now be terminated, as hostilities have now ceased and the territory of the Czechoslovak Republic is again under the administration of its own government.

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[25]Canada, *Recueil des traités*, 1928, N° 6.
Canada, *Treaty Series*, 1928, No. 6

The Credit Agreement between Canada and Czechoslovakia was recently increased from $15,000,000 to $19,000,000[26] and will soon be put into force. I would therefore appreciate it very much if the resumption of the Trade Agreement could now be carried out and if it could be used as a basis for the importation of Canadian goods to Czechoslovakia.

Sincerely yours,

FRANTISEK PAVLASEK

**1139.** DEA/7670-40

*Le ministère des Affaires extérieures au ministre de Tchécoslovaquie*

*Department of External Affairs to Minister of Czechoslovakia*

Ottawa, July 16, 1945

Dear Dr. Pavlasek,

I refer to your letter of June 29th in which you asked that as hostilities have now ceased and the territory of the Czechoslovak Republic is again under the administration of its own Government, the suspension period of the Canadian-Czechoslovak Trade Agreement concluded in Ottawa between our two Governmnts on March 15th, 1928, might now be terminated.

I agree that conditions governing the revival of this Agreement between our two countries now obtain and I suggest therefore that both countries might place on record by an exchange of notes the existing commercial arrangements.

I feel, however, that under present dislocated shipping and inland transportation conditions the strict application of the Agreement might largely prevent Czechoslovakia from obtaining the benefits contemplated and I therefore suggest the temporary suspension of Article 5 which reads:

"To enjoy the benefit of the tariff advantages provided for in the foregoing articles, without prejudice to the stipulations of Article 4, goods the produce or manufacture of Czechoslovakia shall be conveyed without transhipment from a port of Czechoslovakia, such being understood to be a port of a foreign country in which Czechoslovakia has defined rights under treaties to which Canada is a party, or from a port of a country enjoying the benefit of the Preferential or Intermediate Tariff, into a sea or river port of Canada."

There may be other temporary modifications you consider necessary in the present circumstances.

I regard the speedy resumption of trade as being more desirable than any formal amendment to the Agreement which would involve avoidable delay.

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[26]Canada, *Recueil des traités*, 1945, N° 25, 29.
Canada, *Treaty Series*, 1945, Nos. 25, 29.

**1140.** DEA/7670-40

*Le ministre de Tchécoslovaquie*
*au sous-secrétaire d'État aux Affaires extérieures*

*Minister of Czechoslovakia*
*to Under-Secretary of State for External Affairs*

Ottawa, July 19th, 1945

Dear Mr. Robertson,

I am most grateful for your letter of July 16th informing me that you agree that the conditions governing the revival of the Canadian-Czechoslovak Trade Agreement of March 15th, 1928 may now allow the termination of the period of its suspension and placing it again on record of the existing commercial arrangements.

I appreciate especially your very kind suggestion to suspend temporarily Article 5 of this Trade Agreement as enormous difficulties will thus be overcome.

If any other temporary modifications may prove necessary under present circumstances I shall be very glad to let you know.

I am enclosing the note addressed to the Secretary of State for External Affairs regarding the revival of this Agreement.[27]

Kindly accept my most cordial thanks for your very considerate and helpful assistance in this matter by which the speedy resumption of trade has been made possible.

Most sincerely yours,
FRANTISEK PAVLASEK

## PARTIE 8/PART 8
## FRANCE

**1141.** DEA/4794-40

*Le représentant, le Comité français de la libération nationale,*
*au sous-sécretaire d'État aux Affaires extérieures*

*Representative, French Committee of National Liberation,*
*to Under-Secretary of State for External Affairs*

No. 156 Ottawa, le 25 janvier 1944

Monsieur le Sous-Secrétaire d'Etat,

Ainsi que j'ai eu l'occasion de le faire savoir à vos services il y a quelque temps, Monsieur Philippon[28] a commencé dans divers milieux canadiens une

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[27]*Ibid*, N° 8./*Ibid*, No. 8.

[28]P. Philippon, représentant commercial du Comité français de la libération nationale, Montréal. P. Philippon, Commercial Representative of French Committee of National Liberation, Montreal.

enquête en vue de déterminer dans quelles conditions il serait possible d'établir entre l'Afrique du Nord et le Canada un courant d'échanges commerciaux.

C'est ainsi qu'il a eu l'occasion de demander au Président de la Commission des Liqueurs de la Province de Québec s'il serait en mesure de faire des achats de vins en Algérie. M. Desmarais s'est montré intéressé, notamment en ce qui concerne l'acquisition des vins de messe, mais il a déclaré que la réalisation d'une telle opération dépendait de la réponse qui serait faite aux deux questions suivantes:

1. Le traité de commerce franco-canadien[29] peut-il être considéré comme continuant à s'appliquer à l'Afrique du Nord et à l'Algérie en particulier, au moins en ce qui concerne le tarif douanier applicable aux importations de vins?

2. Le Gouvernement canadien serait-il disposé à lever, en faveur des vins d'Algérie, l'interdiction stipulée le 2 décembre 1940 dans la circulaire No. 8033C du Département du Revenu National, qui prohibe l'acquisition de boissons alcooliques dans un pays ne faisant pas partie de la zone de la livre sterling?

Je vous serais reconnaissant de vouloir bien me mettre en mesure d'éclairer M. Philippon quant à ces deux questions.

Veuillez agréer etc.

G. BONNEAU

**1142.** DEA/4794-40

*Le secrétaire d'État aux Affaires extérieures au représentant, le Comité français de la libération nationale*

*Secretary of State for External Affairs to Representative, French Committee of National Liberation*

Ottawa, April 6, 1944

Sir,

I regret that due to the necessity of consulting a number of Departments and agencies of Government it has not been practicable to reply earlier to the questions you raised in your letter of January 25th.

I may now say, however, that, in reply to the first question, the Franco-Canadian Trade Agreement is still considered as applying to Algeria and French possessions in North Africa generally.

With respect to the second question set forth in your letter under reference I may say that, under the War Exchange Conservation Act, among many other items, the importation of wine from non-sterling countries is prohibited. The only exceptions to this prohibition have been a provision by Order in Council' that where prohibited articles could be obtained from non-sterling countries with provision for payment in sterling under conditions satisfactory to the

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[29]Canada, *Recueil des traités*, 1937, N° 12.
Canada, *Treaty Series*, 1937, No. 12.

Foreign Exchange Control Board a permit will be issued, and, in some minor cases, permits have been issued for sacramental wine where there was evidence that suitable quality could not be obtained from sterling countries. It is not considered that it would be desirable at present to make any special exceptions to the Act which could give rise to discriminatory situations. At some time in the future circumstances will doubtless permit the amendment of the Act and you may be assured that when consideration is being given to modification sympathetic attention will be given to the point you have raised.

Accept etc.

SCOTT MACDONALD
for the Secretary of State
for External Affairs

**1143.** DEA/688-40

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures*
*Memorandum by Assistant Under-Secretary of State for External Affairs*

[Ottawa,] May 15, 1944

M. Mendès-France, Commissioner of Finance in the French Committee, called to see me this morning, accompanied by M. Guyndet, his assistant, and M. Bonneau and Paul-Boncour of the French Delegation. He said that a chief purpose of his visit to Ottawa had been to express the gratification of the Committee for the extension of Mutual Aid. I told him that we regretted that the supplies furnished to the Committee had been so small up to the present, adding that we appreciated their difficulties in straightening out their supply programmes and adjusting them to their requests on the United States. He raised two questions in this connection. First, he wished to make a case for our providing, under Mutual Aid, foodstuffs for French colonial possessions such as the French West Indies, saying that, in fact, their supplies had to be treated as a whole, and that if we agreed to furnish say wheat to North Africa only, it would mean that they would have to waste shipping wheat from North Africa to Martinique. I told him that I felt it was impossible to lay down general principles covering these cases, and that there were domestic political difficulties about providing, under Mutual Aid, civilian supplies to areas remote from the war. We had already faced these problems and, in general, we felt that they had to be treated piecemeal. Secondly, he spoke at some legth on the problem of relief supplies and the responsibilities which would be thrown on the Committee, especially in the event of the rapid liberation of all or most of French territory. I think that no new points arose during this part of our discussion.

He then raised the question of the return, in some form, of the two remaining French ships which we had requisitioned in 1940. In particular, he asked for the return to the French fleet (on an undertaking that the ship would be kept in the Allied shipping pool) of the *Maurienne*, on the ground that the captain of this ship had voluntarily brought her into a Canadian port at the

time of the armistice, and this action on his part strengthened the case for handing the ship back at once to the French authorities. I told him that I was not familiar with the current status of this question, but I knew that the *Maurienne* had been burnt out in Halifax and had had to be reconstructed. I said I would make enquiries and communicate with Mr. Bonneau later. He also mentioned the *Limoges*, saying that he felt that this ship should either be returned to the French now or time chartered to them so that it would be under their immediate operational control.

He then enquired whether there was much prospect of our being able to assist the Committee by the provision of ships. I explained that we did not transfer title of ships under the Mutual Aid procedure, and that we could give no commitment, at present, on whether we might be able later on to provide ships under bare boat charter in the way adopted with the United Kingdom. He expressed great concern over the probable shipping situation after the liberation of France. I told him there might be some prospect, when hostilities ended, of their securing freighters owned by Canada, probably by purchase. He also asked whether we could provide, under Mutual Aid, small offshore fishing vessels, to be used to supplement food supplies in France as soon as possible after liberation. I said that we were not, at present, constructing such vessels for civilian use, but that a request from them would be taken into consideration. He emphasized that if they were able to re-equip the Breton fishing fleet, it would cut down on the amount of overseas shipping needed to feed France.

[HUME WRONG]

**1144.** DEA/6544-40

*Mémorandum du premier secrétaire au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from First Secretary to Assistant Under-Secretary of State for External Affairs*

[Ottawa,] May 16, 1944

I was present yesterday at the interview between the Minister of Finance and Mr. Mendès-France. Mr. Mendès-France again expressed to Mr. Ilsley his thanks and the thanks of the Committee for the assistance which the French had been receiving from Canada. He then placed before Mr. Ilsley for his consideration the three following points:

1. He said that under the plan to pay Allied troops in French currency when they are in France, the French authorities would like to recover Canadian dollars against Francs advanced for the payment of Canadian troops. The present arrangement, as he understood it, provided for the recovery of sterling against these Francs in case the Canadian dollar equivalent would accrue to the credit of Great Britain. Mr. Ilsley said that insofar as he could see it would not make any difference to us but he suggested that there might be complicated accounting arrangements to be made. Mr. Mendès-France thought

that a round sum could be agreed upon without necessarily working it down to the last centime.

2. Mr. Mendès-France told Mr. Ilsley that the French authorities were fearful that the relatively large purchasing power which would be in the hands of British, American and Canadian troops if they were paid their full wages in Francs as compared to the purchasing power of the French civilian population and in relation to the amount of consumer goods available might make for trouble. He wondered whether any plan could be instituted under which a part of Canadian soldiers' pay would be withheld and deposited to their accounts at home. He said that this matter has already been taken up with the United States and United Kingdom authorities. Mr. Ilsley said that a part of Canadian soldiers' pay was already being withheld and he would be glad to look into the matter.

3. Mr. Mendès-France enquired as to the possibility of increasing Canadian purchases of French Empire products in order to build up French-Canadian dollar balances. He referred particularly to the possibility of importing wine from North Africa. Mr. Ilsley said that he would look into this matter and in particular into the status of the Order in Council under which alcoholic beverages can only be purchased in sterling areas.

Mr. Mendès-France undertook to leave with Mr. Ilsley a memorandum on each of the above three points.

This conversation, which lasted about twenty minutes, was very cordial indeed.

T. A. S[TONE]

**1145.** DEA/6544-40

*Le représentant, le Comité français de la libération nationale, au sous-secrétaire d'État aux Affaires extérieures*

*Representative, French Committee of National Liberation, to Under-Secretary of State for External Affairs*

No. 241 Ottawa, le 27 mai 1944

Monsieur le Sous-Secrétaire d'Etat,

Comme suite aux entretiens que, le 15 mai, M. Mendès-France Commissaire National aux Finances a eus respectivement avec l'Honorable C. D. Howe, Ministre de l'Armement et de L'Approvisionnement, avec M. H. Hume Wrong, Sous-Secrétaire d'Etat adjoint aux Affaires Extérieures et avec l'Honourable J. L. Ilsley, Ministre des Finances, j'ai l'honneur de vous faire parvenir sous ce pli le texte de quatre notes verbales qu'il m'a demande de vous remettre concernant

1. — la fixation du montant de la solde qui sera versée en France aux troupes canadiennes.

2. — l'achat des francs nécessaires au payement de la solde des troupes canadiennes en France.

3. — l'aide mutuelle française au profit des troupes canadiennes en France.
4. — les navires français réquisitionés au Canada.

Veuillez agréer etc.

G. BONNEAU

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Mémorandum du représentant, le Comité français de la libération nationale*
*Memorandum from Representative, French Committee of National Liberation*

[Ottawa,] le 15 mai 1944

*Objet: Fixation du montant de la solde qui sera versée en France aux troupes canadiennes*

Le Gouvernement canadien est pleinement informe de la situation économique extrêmement précaire qui règne actuellement en France. Quatre années d'occupation ont dépouillé le pays de la plus grande partie des biens de consommation; il n'existe pas de stocks; la population est sous-alimentée; la plupart des marchandises manquent.

Si les soldats canadiens devaient recevoir en France la contrevaleur en francs de la totalité de leur solde, ils disposeraient d'un pouvoir d'achat beaucoup plus élevé que celui des Français. Alors qu'un salarié français doit vivre de son salaire, le soldat des armées alliées recevra gratuitement son logement, sa nourriture et son habillement, et disposera par conséquent d'un pouvoir d'achat élevé sur un marché où il y a peu de biens à acquérir.

La conséquence inévitable sera une augmentation des prix et un accroissement des opérations de marche noir. En outre, la plupart des marchandises n'existant qu'en quantités insuffisantes, tous les achats individuels faits par les troupes alliées tendront à réduire la part déjà réduite de la population civile.

La libération provoquera un grand enthousiasme dans le peuple français et il est essentiel de maintenir et de développer les sentiments de camaraderie qui pourront se manifester alors entre l'armée alliée et la population civile. Il serait déplorable que des questions matérielles puissent risquer d'entrainer des frictions entre l'une et l'autre.

Le Comité Français de la Libération Nationale attire donc l'attention la plus sérieuse du Gouvernement canadien sur cette importante question, comme il l'a déjà fait à l'égard du Gouvernement des États-Unis et du Gouvernement du Royaume-Uni. Il suggère que soient envisagées les mesures suivantes:

1) La partie convertible en francs de la solde journalière des militaires canadiens serait, pendant les premiers mois de la libération, jusqu'à l'époque où le ravitaillement sera amélioré, limitée à un chiffre aussi bas que possible;

2) Des instructions appropriées seront données par le Commandement militaire pour empêcher les achats individuels de produits alimentaires en France par les membres des Armées alliées.

G. B[ONNEAU]

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Mémorandum du représentant,*
*le Comité français de la libération nationale*

*Memorandum from Representative,*
*French Committee of National Liberation*

[Ottawa,] le 15 mai 1944

*Objet: Achat des francs nécessaires au payement de la solde des troupes canadiennes en France*

Aux termes de l'accord franco-canadien d'aide mutuelle[30] les troupes canadiennes bénéficieront en France de l'aide mutuelle de la part des Autorités Françaises. Toutefois, l'aide mutuelle ne s'applique pas aux soldes. Les francs nécessaires au payement de la solde des troupes canadiennes en France, ou plutôt au payement de la part de la solde qui sera payable en francs, devront donc être achetés aux Autorités Françaises contre devises étrangères.

Comme les questions relatives à la situation des troupes britanniques en France sont traitées par le Commandement Britannique pour le compte de l'ensemble de l'Empire Britannique, il est possible que le Commandement Britannique envisage de se procurer contre Livres Sterling les francs nécessaires à la solde des troupes canadiennes. Cependant, comme les Autorités Françaises ont des besoins de dollars canadiens et ne peuvent se procurer de dollars canadiens contre Sterling, il serait normal que les francs nécessaires à la solde des troupes canadiennes fussent achetés aux Autorités Françaises contre dollars canadiens.

Il serait souhaitable que le Gouvernement Canadien voulut bien s'entendre en ce sens avec le Gouvernement Britannique. Plusieurs solutions pratiques peuvent être envisagées en vue de distinguer les fancs qui seront fournis au Commandement Britannique pour les troupes canadiennes et les francs qui seront fournis pour les autres troupes de l'Empire Britannique. On ne peut, du côté français, que laisser le soin au Gouvernement Canadien et au Gouvernement Britannique de s'entendre sur une formule appropriée. L'essentiel est que le but recherché soit atteint, c'est-à-dire, que la contre-valeur des francs utilisés pour le payement de la solde des troupes canadiennes soit versée périodiquement aux Autorités Françaises en dollars canad.ens.

Le Gouvernement Britanniques est également saisi de la question.

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[30]Canada, *Recueil des traités*, 1944, N° 12.
Canada, *Treaty Series*, 1944, No. 12.

[PIÈCE JOINTE 3/ENCLOSURE 3]

*Mémorandum du représentant,*
*le Comité français de la libération nationale*

*Memorandum by Representative,*
*French Committee of National Liberation*

[Ottawa,] le 15 mai 1944

*Objet: Aide mutuelle au profit des forces canadiennes*

L'accord d'aide mutuelle franco-canadien prévoit que les Autorités Françaises donneront l'aide mutuelle aux Forces Canadiennes en territoire français. D'autre part, l'accord d'aide mutuelle franco-britannique en vigueur, qui est antérieur à l'accord d'aide mutuelle franco-canadien, et qui d'ailleurs ne s'applique qu'aux territoires français outre-mer, ainsi que les arrangements pris avec le Gouvernement Britanniques pour l'application dudit accord, prévoient que l'aide mutuelle fournie au Gouvernement Britannique comprend toutes les troupes réunies sous le Commandement Britannique. Par conséquent, l'aide mutuelle au profit des troupes canadiennes qui peuvent se trouver dans les territoires français d'outre-mer est fournie, non pas au Gouvernment Canadien mais au Gouvernement Britannique.

Étant donné que l'aide mutuelle fournie à la France par le Gouvernement Canadien est distincte de l'aide fournie par le Gouvernement du Royaume-Uni, il serait à première vue normal que l'aide mutuelle fournie par la France aux Forces Canadiennes ne soit pas confondue avec l'aide fournie aux autres troupes combattant sous le Commandement Britannique.

La question ne paraît pas avoir d'intérêt pratique pour les territoires français d'outre-mer. Mais vraisemblablement, il en ira de façon différente en France. La question se pose donc de savoir si en France, au cas où serait conclu un accord d'aide mutuelle franco-britannique s'appliquant à la France, l'aide aux troupes canadiennes ne devrait pas être distinguée de l'aide fournie aux autres Forces placées sous le Commandement Britannique.

Il est suggéré que le Gouvernement Canadien se concerte à ce sujet avec le Gouvernement du Royaume-Uni et fasse connaître ses vues au Comité Français de la Libération Nationale.

Le Gouvernement Britannique est également saisi de la question.

G. B[ONNEAU]

[PIÈCE JOINTE 4/ENCLOSURE 4]

*Mémorandum du représentant,*
*le Comité français de la libération nationale*

*Memorandum by Representative,*
*French Committee of National Liberation*

[Ottawa,] le 15 mai 1944

*Objet: Navires français réquisitionnées au Canada*

1. On se rappelle qu'à des périodes diverses à partir de juin 1940; un certain nombre de navires français de commerce ont été réquisitionnés soit par la Grande Bretagne et ses Dominions, soit par les Autorités Américaines.

Par l'effet des accords signés à Alger le 1er mars 1944, un régime nouveau a été institué pour ces navires, savoir:

a) un certain nombre de navires sont déréquisitionnés par les autorités intéressés et nous sont rendus pour être ensuite replacés par nous en "Time Charter" au Pool.

b) les autres restent sous réquisition alliée, mais nous sont retournés en gérance.

2. Il ressort de la lettre dont ci-joint copie, qui a été écrite le 7 avril à M. G. Anduze-Faris par M. Weston, représentant du Ministry of War Transport,[1] que les gouvernements du Canada, de l'Australie et du Sud Afrique ont déjà donné leur accord pour que les navires réquisitionnés par eux et remis à la disposition du Ministry of War Transport soient placés dan la catégorie b).

3. En ce qui concerne le Canada, les navires réquisitionnés ont été les suivants:

*Lisieux* qui a été torpillé et coulé.
*St. Malo* qui a été coulé ultérieurement.
*Pasteur*
*Limoges*
*Maurienne*

Le *Pasteur* ayant été replacé à la disposition du Ministry of War Transport il n'y a aucune question à poser à son égard aux Autorités Canadiennes.

Il reste donc à régler les cas du *Limoges* et du *Maurienne* qui normalement devraient être également placés par le Gouvernement du Canada dans le cadre des accords du 1er mars 1944, c'est-à-dire, nous être redonner en gérance.

Il y a lieu toutefois d'observer que le cas du *Maurienne* est spécial. Ce navire a bien été réquisitionné comme les autres, mais après s'être rendu *volontairement* au Canada sur décision de son Capitaine, (répondant à l'appel du Général de Gaulle, lorsqu'il a demandé à tous les navires français de commerce de se rendre en ports alliés). Il y aurait donc lieu de demander pour ce navire aux Autorités Canadiennes la déréquisition, par analogie avec la décision prise par le Gouvernement Britannique au sujet de navires réquisitionnés par eux dans

les mêmes conditions. Les Autorités Américaines ont de leur côté déréquisitionné les navires français qu'ils avaient réquisitionnés après leur entrée en guerre (sauf *Normandie* qui a été vendu).

4. Pour les navires déréquisitionnés, soit par les Britanniques, soit par les Américains, en vue du règlement des comptes pour la période comprise entre le moment de la réquisition et celui de la déréquisition, il a été décidé par les accords du 1er mars, que:

a) le Comité serait crédité pour la période considérée du taux de location "coque nue" prévu par les accords Eisenhower de décembre 1942.

b) le Comité, par contre, serait débité du montant des réparations effectuées par les Autorités requisitionnaires pour remettre le navire en état de navigation.

5. En résumé nous demandons:

1. La déréquisition du *m/s Maurienne*. Ce navire est d'ailleurs un bananier, et si comme on l'espère, ses installations frigorifiques sont encore en état, il nous serait vraiment utile, en particulier pour la Martinique.

2. La remise en gérance française du *Limoges* dont nous ignorons l'état, par application des accords du 1er mars 1944.

G. B[ONNEAU]

**1146.** DEA/6544-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1707 London, July 10, 1944

With reference to Dominions Office telegrams No. 975 of July 4th[1] and Circular D. 19 of July 5th,[1] summarising the position regarding the Agreement between the United Kingdom and French authorities on the subject of the administration of French territory.

Article 3 (1) of the Agreement provides that the French authorities would place at the disposal of the War Office such funds in French currency as are required in Metropolitan France by the British armed forces. In negotiating this Agreement it was, of course, intended that it should apply only to United Kingdom forces and the above is the understanding of the French officials. The French have, however, raised the point that some currency will be required for the use of the Canadian forces for which they expect to be paid in dollars. This would be a matter for direct negotiation between the Canadian Government and the French authorities, and I understand that some preliminary conversations on this subject have already taken place in Ottawa, but the French are anxious to have this understanding on record. In these circumstances the United Kingdom authorities suggest that in the exchange of letters

between the United Kingdom and French authorities governing the currency arrangements the following sentence should be included:

"With reference to Article 3, it is understood that the provision of French currency and the mutual aid to Canadian forces in Metropolitan France will be the subject of separate negotiations between the Canadian and French authorities."

It is understood that a passage on these lines would satisfy the French. The United Kingdom authorities have enquired whether you are prepared to agree to the insertion of a passage on these or similar lines.

MASSEY

**1147.** DEA/6544-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 1970 London, August 4, 1944

Your telegram No. 1444 of July 18th', United Kingdom-French Agreement.

The following is a result from discussions with representatives of the R.C.N., the R.C.A.F., the Financial Superintendent of C.M.H.Q. and the Canadian Chief Treasury Officer Overseas.

1. It would not be possible to separate Mutual Aid supplied by French to Canadian Forces in France from that given to Allied Forces in general and United Kingdom Forces in particular. For operational purposes, Canadian Army uses British lines of communication for supplies and services whether obtained in France or supplied from United Kingdom bases.

2. Possible manner of adjustment for Army and R.C.A.F. would be to obtain percentage rebate on such items known to include French Mutual Aid covered by capitation rates paid to the United Kingdom. This would presumably have to be agreed between United Kingdom, French and Canadian authorities and the amount so arrived at would be deducted from payments to United Kingdom suspense account for maintenance of Canadian Army and Air Force squadrons from United Kingdom sources and paid to appropriate French authority in Canada or credited as reverse Mutual Aid.

3. In regard to currency obtained for advances of pay and allowances, we understand the United Kingdom are considering exclusion of such sums from Mutual Aid and setting aside quarterly to the credit of the competent French authorities in London the sterling equivalent of the sums so used. If the Canadian Government are prepared to consider a similar arrangement, provision may have to be made in regard to French currency advanced as pay and allowances and not spent in French markets. The following are comments by the services on the question of adjustments:

(a) Canadian Army obtain advances on a cash advance voucher from United Kingdom paymasters and will continue to do so, and United Kingdom Command paymasters could turn the cash advance voucher over to the French authorities for credit of British account, and French authority would, in turn, render an account, supported by the cash advance voucher, to the Chief Treasury Officer in United Kingdom who would verify the correctness of the claim and advise Chief Treasury Officer (Army), Ottawa, of the amount to be paid in dollars to the appropriate French authority in Canada. Any return of funds to the United Kingdom paymasters would be covered by the same voucher as a credit to Canada and procedure to be applied as a reduction of the amount due by us to the French.

(b) R.C.A.F. now clear advances against pay and R.A.F. allowances to Canadian air force personnel through acquittance rolls which are recapitulated and total amount refunded by Chief Treasury Officer Overseas to the Air Ministry. A rebate is subsequently obtained for R.A.F. allowances. It is suggested, therefore, that the amount of advance may represent, to a large extent, the allowances payable by the United Kingdom, and it is estimated that the amount which would be payable by Canada would be too small to justify the administrative difficulties involved.

(c) R.C.N. is drawing French currency through Admiralty but amount involved is infinitesimal, and recommend that no change be made for the present.

Please repeat to A.F.H.Q., Comot, Defensor, N.S.H.Q.

**1148.** DEA/6544-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au représentant, le Comité français de la libération nationale*

*Under-Secretary of State for External Affairs*
*to Representative, French Committee of National Liberation*

Ottawa, August 4, 1944

Dear Mr. Bonneau,

I am referring to a note dated May 15th, concerning the limitation of the pay which should be drawn by Canadian troops in France, which you transmitted to me under cover of a letter dated May 27th. I am informed that, although no restrictions have been placed on the sums which may be paid to Canadian army or air force personnel in France, the amounts drawn by individual soldiers have been relatively small.

With respect to the second point mentioned in the note, I am informed that an Army Routine Order has been issued concerning individual purchases in liberated territory. The Order recites that the existence of surpluses of food in various places in France merely indicates that there has been some interference with the ordinary channels of distribution. It emphasizes the importance of conserving all available food for redistribution to areas which are in urgent need of it. It also emphasizes the danger of the high prices which may be

caused by excessive expenditure. The Order goes on to forbid all individual purchases from civilians in liberated areas. It is to remain in force until it is found that certain purchases of non-essentials can be made without occasioning any substantial increase in price or interfering with the restoration of normal economic conditions.

It is hardly necessary to add that, in view of the severe fighting which is taking place the troops will have very little opportunity to spend money.

Yours sincerely,

N. A. ROBERTSON

**1149.** DEA/6544-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1699 Ottawa, August 18, 1944

SECRET. Your telegram No. 2106 of August 17th.[1] Agreement on administration of French territory.

We see no objection to insertion in exchange of letters between the United Kingdom and French authorities of the sentence contained in paragraph 3 of your telegram No. 1707 of July 10th.

There have been no formal negotiations with the French in Ottawa on subject of payment in dollars for currency advances or mutual aid, other than receipt of memoranda from Mendès-France dated May 15th and arising out of his conversations here.

For your confidential information, it now appears that it may be possible to arrange for payment in dollars for French currency used for advances of pay and allowances. On the other hand, payment in dollars for Mutual Aid supplied to Canadian forces by the French may prove to be impracticable, and negotiations on this aspect of subject are not likely to be fruitful.

**1150.** DEA/6544-40

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 1753 Ottawa, August 24, 1944

SECRET. Your telegram No. 1970 of August 4 and No. 2106 of August 17[1] and our No. 1699 of August 18.

In order to provide the French here with funds for purchasing essential civilian requirements in Canada, we desire to put into effect as soon as possible

arrangements for paying French authorities in Canadian dollars for francs obtained for pay of Canadian troops in France. Matter has been discussed with French Delegation here who are communicating with Algiers. United Kingdom Treasury Representative in Ottawa has also been acquainted with our wishes and is notifying Treasury in London. Canadian Army is cabling Financial Superintendent at C.M.H.Q. on the matter and asking him if it is possible to put into effect quickly the procedure suggested in paragraph 3 (a) of your telegram No. 1970. It is hoped to arrange at earliest opportunity for a payment to French here of Canadian dollar equivalent of francs obtained for Canadian Army in France during June, July and August.

We understand that United Kingdom-France agreement on currency and Mutual Aid was to be signed on August 22nd and take effect as from June 6th. We propose arrangement for purchase of French francs for Canadian troops and payment therefor should also date from June 6th, which may involve some readjustment with United Kingdom authorities. Financial Superintendent at C.M.H.Q. has been asked to investigate this aspect. Please take any steps which may be necessary to assist him in bringing the proposed arrangements into effect as quickly as possible.

**1151.** DEA/6544-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 2281 London, September 5, 1944

Your telegram No. 1836 of September 2nd,†, purchase of French francs.

Machinery has now been worked out here between War Office, French delegation and C.M.H.Q. Can see no objection to making payment now.

**1152.** DEA/688-40

*Le secrétaire d'État aux Affaires extérieures*
*au représentant, le Comité français de la libération nationale*

*Secretary of State for External Affairs*
*to Representative, French Committee of National Liberation*

Ottawa, September 26, 1944

Sir,

I have the honour to refer to your note of May 15th[31] in which you inquire concerning the French ships requisitioned by the Government of Canada during the year 1940.

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[31]Pièce jointe 4, document 1145./Enclosure 4, Document 1145.

I am now able to inform you that the Canadian Government is prepared to consider handing over to the French authorities two former French vessels, the *M.V. Maurienne* and the *S.S. Limoges*, provided, in the first place, that the French authorities give the Government of Canada a guarantee against all claims of the owners or their agent, similar to the guarantee accepted by the Governments of the United Kingdom and the United States in the Algiers Agreement of March 1st, 1944; and in the second place, that it be mutually accepted that the compensation to be agreed upon for the term of requisition be a contribution by the French authorities under the provisions of Article 2 of the Mutual Aid Agreement, signed on April 14, 1944, between the Government of Canada and the French Committee of National Liberation. The Government of Canada is prepared to discuss also the terms of compensation for the *S.S. Lisieux* and the *S.S. St. Malo*, and the fishing vessel *Angelus*, subject to a similar guarantee.

If this proposal is agreeable to you, I suggest that our respective expert advisers meet to discuss the terms of compensation to be paid by the Government of Canada at as early a date as possible, since the *S.S. Limoges* will return from the West Indies about the middle of October and the *M.V. Maurienne* is expected to be fit for sea at about the same time.

Accept, etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1153.** DEA/614-C-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au représentant, le Comité français de la libération nationale*

*Under-Secretary of State for External Affairs*
*to Representative, French Committee of National Liberation*

Ottawa, November 22, 1944

Dear Mr. Bonneau,

I am enclosing a memorandum of the substance of the conversation which took place this morning, concerning the release from control of various French assets in Canada.

Yours sincerely,

N. A. ROBERTSON

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum*

*Memorandum*

[Ottawa, c. November 22, 1944]

At a conference in the office of the Under-Secretary of State for External Affairs at noon on November 22nd, the following information was given concerning the preparations which are being made for withdrawing control from various French assets in Canada:—

1. An Order-in-Council will be required to withdraw control from the French Legation property, French consular property and other property belonging to the French State in Canada. This Order will provide that any expenses incurred by the Canadian Government under the provisions of Orders-in-Council P.C. 352 of January 14th, 1943,† and P.C. 2325 of March 23rd, 1943,† may be met by the Custodian out of the account maintained by the Bank of Canada in the name of "Custodian, Department of Secretary of State, French State Account." The balance of this account will then be transferred to the Canadian dollar account of the Government of the French Republic.

2. A draft Order-in-Council is also being prepared, providing for the release of the French Government accounts. These accounts include (as of September 16th):

| | |
|---|---|
| U.S. Dollar deposit — Acct. "'A" | $1,597,520.75 |
| U.S. Dollar deposit — Acct. "'B" | $155,000,000.00 |
| Canadian dollar deposit | $33,975.71 |
| Custodian, Department of the Secretary of State, French State Account — Canadian Dollar Deposit (Special Account) | $617.88 |

It was agreed that all of these accounts arose from an earlier account which was opened on July 12th, 1940, and which consisted of deposits made by the British Purchasing Commission. It was added that the payments made by this Commission are likely to be the subject of discussion between the Government of the United Kingdom and the Provisional Government of the French Republic. When the Order-in-Council has been passed releasing these accounts, we shall hope to receive a statement from you of the officers authorized to operate them in order that we may transmit this information to the Bank of Canada.

3. The holdings of the Bank of France are as follows:

| | |
|---|---|
| Gold | 11,135,127.979 fine ozs. |
| Canadian Dollar Deposit | $572,149.65 |
| French Bank Notes (Ottawa) | 908,165 francs |
| French Bank Notes (London) | 350,040 francs |

In order that Custodianship control of these holdings may be released, it will be necessary to have an assurance that the Bank of France is under the control of

the Provisional Government of the French Republic. It will also be necessary, before the Bank of France can give instructions to the Bank of Canada regarding these holdings, that we should be informed of the officers who are authorized to sign on behalf of the Bank of France.

4. *Private Property*. As soon as normal banking facilities for the transfer of funds exist, payment of the following will be permitted after clearance with the Custodian:

(i) Canadian military and civil pensions;
(ii) Payments under Workmen's Compensation Acts;
(iii) Government and insurance annuities.

Insurance companies will require individual releases from the Custodian for the payment of insurance annuities.

5. In the case of other property individual claims must be submitted to the Custodian, to be considered on their merits. Before considering any application the Custodian will require a certificate from the appropriate authority of the French Provisional Government regarding the status and identity of the claimant. The French certificate will not mean automatic release of property as the Custodian may either approve or defer for further examination.

6. Favourable consideration on compassionate grounds will be given to claimants for interim relief payments out of moneys held by the Custodian, provided that identity and need are established and the Canadian Embassy in France and the French Provisional Government approve.

7. The Custodian's control, which is to be released, has afforded a considerable degree of protection to the owners of French assets in Canada. They have been protected against forfeiture for non-payment of taxes and proceedings have been taken to collect debts due to them. A request was, therefore, made that a general assurance should be obtained from the Provisional Government of the French Republic and that France would support and respect the claims of Canadian creditors in France in the same manner as the Canadian Government had acted upon the claims of French creditors in Canada. It is realized that circumstances do not permit of identical procedures but it would be appreciated if we might have a statement of the steps which the Provisional Government of France can see its way to taking.

8. It was agreed that two further matters should be discussed with the Canadian Custodian. The first concerns copyrights, patents, trade-marks and trade names, and any licences which the Custodian has issued for the use of copyrights, etc. The second concerns the release from control of French enterprises in Canada. In a general way it was understood that an application for release from control would be similar to an application for the release of assets held by individuals.

**1154.** DEA/614-C-40

*Décret en Conseil*
*Order in Council*

P.C. 8965 [Ottawa,] November 27, 1944

WHEREAS the Secretary of State for External Affairs reports as follows,—

By an Order in Council P.O. 222, January 12, 1943,[1] measures were adopted to regulate the holding and disposition of the following accounts maintained by the Bank of Canada for the French State —

(a) Canadian Dollar Account for the Government of the French Republic (opened April 12, 1940);

(b) United States Dollar Account of the Government of the French Republic denominated "Account A" (opened July 12, 1940);

(c) United States Dollar Account of the Government of the French Republic denominated "Account B" (opened July 28, 1942, by transfer from "Account A");

in order to provide for a situation then existing in which there was no government recognized as representing the French State.

The Government of Canada provided on the 23rd of October, 1944, for the formal recognition of the Provisional Government of France as being the Government which represents the French State and as being the Government, the acts of which must be adopted and recognized by any government which later may be duly established in France.

It is expedient that the accounts listed above, which are now held by the Bank of Canada, should no longer be subject to the disposition of the duly accredited representative of the Provisional Government of France.

THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs, concurred in by the Minister of Finance and by the Secretary of State of Canada, is pleased to revoke Order in Council P.O. 222, January 12, 1943, and it is hereby revoked accordingly.

His Excellency in Council, on the same recommendation, with the concurrence aforesaid, and under the authority of the War Measures Act, is pleased to order and doth hereby order that the Bank of Canada may accept as signing officers for the accounts as listed above any signing officers named by the Provisional Government of France through that Government's representative in Canada subject to authentication and approval by or on behalf of the Secretary of State for External Affairs.

A. D. P. HEENEY
Clerk of the Privy Council

**1155.** DEA/614-40

*Le counseiller commercial, l'ambassade de France, au sous-secrétaire d'État aux Affaires extérieures*

*Commercial Counsellor, Embassy of France, to Under-Secretary of State for External Affairs*

No. 303 Ottawa, le 6 décembre 1944

Monsieur le Sous-Secrétaire d'Etat,

Faisant suite aux questions que vous avez posées à notre Ambassade au sujet de la Banque de France, j'ai l'honneur de vous faire part ci-dessous des informations que je viens de recevoir de mon Département:—

1° Le Gouverneur de la Banque de France est M. Emmanuel Monick, qui a été nommé à ces fonctions par décret du Gouvernement Provisoire de la République Française, en date du 7 octobre 1944, décret publié au journal officiel de la République Française du 8 octobre, page E-983.

2° Le Gouverneur de la Banque de France a confirmé M. Charles Cariguel dans ses fonctions de Directeur Général du service bancaire étranger, qui comportent les pouvoirs de recevoir et de contrôler tous les dépôts d'or et de devises que la Banque de France possède à l'étranger et notamment à la Banque du Canada et, d'en disposer.

Ces pouvoirs, dont était déjà précédemment investi M. Cariguel, sont conformes aux statuts de la Banque de France et aux dispositions de la loi française.

Je pense que ces précisions sont suffisantes pour donner à la Banque du Canada les garanties que très légitimement elle désirait avoir avant de renouer ses relations avec la Banque de France, main je reste, bien entendu, à l'entière disposition de la Banque du Canada au cas où toutes autres informations complémentaires lui paraîtraient nécessaires.

Je vous prie, Monsieur le Sous-Secrétaire d'Etat, de bien vouloir trouver ici l'assurance de ma haute considération.

G. PAUL-BONCOUR
Conseiller Commercial
chargé des fonctions d'Attaché Financier
de l'Ambassade de France au Canada

**1156.** DEA/614-C-40

*Le sous-secrétaire d'État aux Affaires extérieures*
*au représentant, le Comité français de la libération nationale*

*Under-Secretary of State for External Affairs*
*to Representative, French Committee of National Liberation*

Ottawa, December 28, 1944

Dear Mr. Bonneau,

I am writing to let you know that the Custodian is taking action to release the account of the Bank of France, including its gold holdings, from Custodian control. This action will leave it open to the Bank of France to communicate direct with the Bank of Canada on this subject.

Yours sincerely,

N. A. ROBERTSON

**1157.** DEA/1-Hs

*Le chargé d'affaires en Belgique*
*au sous-secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Belgium*
*to Under-Secretary of State for External Affairs*

Brussels, January 30, 1945

Dear Mr. Robertson,

I am sending you herewith, copy of a letter which I have received through General Vanier, from Maître Jean Sturel, a French lawyer who will be defending General Bergeret[32] at his trial. I am enclosing the text of my reply[†] in which you will see that I do not consider myself free to appear as a witness without your permission since the knowledge of the military facts on which I could report was acquired in the course of my duties in France. I am leaving it entirely to you to decide what should be done, but should you agree that my testimony should not be withheld when a man's life is in cause it is essential that it should be given *in camera* for reasons of security.

As I wrote to you before, General Bergeret allowed the Intelligence Section of his Ministry to enter into contact, through myself, with the British Intelligence, and covered the activities of his subordinates at great risk. General Ronin, Head of the Service de Renseignements, with some of his agents, was once arrested by Admiral Darlan's police and questioned without success for several days. Admiral Darlan was unable to establish the proof that

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[32]Général Jean Bergeret, secrétaire d'État à l'Air du Gouvernement de Vichy, 1941-42; haut commissaire en Afrique du Nord, 1942-43; commandant en chef, forces aériennes en Afrique-occidentale française, 1943.
General Jean Bergeret, Vichy Secretary of State for Air, 1941-2; High Commissioner in North Africa, 1942-3; Commander-in-Chief, Air Forces in French West Africa, 1943.

General Bergeret's men were working for the Allies. However, before releasing them he insisted that General Bergeret should promise that, in future, all contacts should cease between himself and his Service on the one hand and the British on the other. I must say that this promise did not prevent in any way General Bergeret and his assistants from continuing their very useful activities in our favour. These are the only facts I would be ready to testify about and would not agree to express any opinion on General Bergeret's political position in France after 1940. I am under the impression that if these facts could be made clear to the Court, General Bergeret would, at least, receive a more moderate judgment than he could expect if these facts remained unknown.

Yours sincerely,

PIERRE DUPUY

**1158.** DEA/1-Hs

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en France*

*Secretary of State for External Affairs to Ambassador in France*

DESPATCH 126 Ottawa, February 19, 1945

SECRET

Sir,

I have the honour to refer to a letter of January 2, 1945[1] from Maitre Jean Sturel, General Bergeret's lawyer of Paris, which was transmitted through you to Mr. Dupuy.

2. In connection with this matter, I should be grateful if you would inform the French authorities that Mr. Dupuy brought Mr. Sturel's request to the attention of our Department, and that the Department thinks that, in the interest of justice, it would be necessary to waive any immunity which Mr. Dupuy might possess and enable him to attend and give the tribunal any information which the tribunal might desire, in order to insure that justice would be done in this case. Mr. Dupuy could only do this if the proceedings, insofar as he was concerned, were *in camera*. A letter[1] is being sent to Mr. Dupuy, enclosing copy of this despatch, to inform him that the Department has no objection to his giving testimony at General Bergeret's trial.[33]

I have etc.

J. E. READ
for the Secretary of State
for External Affairs

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[33]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
Mr. Raoul-Duval of the French Embassy asked me this afternoon if Dupuy's testimony c[oul]d be made available to the Court investigating Gen. Bergeret's conduct. I read him the relevant instructions which had been sent to Gen. Vanier and Mr. Dupuy. N. A. R[obertson]. 5-3-45.

**1159.** DEA/7864-40

*Le conseiller commercial, l'ambassade de France, au ministre des Finances*

*Commercial Counsellor, Embassy of France, to Minister of Finance*

No. 1041 Ottawa, June 12, 1945

Honourable Minister,

On the occasion of his recent coming to Canada, M. Guillaume Guindey, Inspector of Finances, Assistant Director of the Treasury, had conversations with Dr. W. C. Clark, Deputy Minister of Finance and Mr. Graham Towers, Governor of the Bank of Canada, respecting an exchange of letters intended to define more clearly the conditions in which financial settlements between Canada and the franc zone would be carried out.

As a matter of fact, it appeared during the course of these conversations that a first project which had been worked out at the time of and with reference to the payments of Canadian dollars effected by your government *per contra* French francs received for the pay and expenses of Canadian troops stationed in France, a project I had discussed previously in particular with Mr. R. B. Bryce, Financial Investigator of your Department, has since then been outstripped by the turn of events.

Hence, it was essential that there be evolved a new project better suited to the new situation and making it possible to effect until further notice the financial settlements that can arise between the franc zone and Canada.

Consequently, I have the honour, as agreed between M. G. Guindey, and Messrs. W. C. Clark and Graham Towers, to deliver to you herewith the project my Department has instructed me to submit for your approval.

Seeing that it seems to me it is a matter of mutual interest to Canada and France that this question which has long been under study be settled rapidly, may I make bold to ask you to be kind enough to make a rapid examination of the project in question, so that there may take place without too much delay the exchange of letters that would culminate in the agreement of our two governments on the terms and conditions contemplated.

C. PAUL-BONCOUR
Commercial Counsellor
charged with the duties of Financial Attaché
to the French Embassy in Canada

[PIÈCES JOINTE/ENCLOSURE]

*Projet de proposition de l'ambassade de France*

*Draft Proposal by Embassy of France*

[Ottawa, c. June 12, 1945]

FRENCH SETTLEMENTS BETWEEN CANADA AND THE FRANC ZONE

Payments between Canada and the franc zone will be effected in accordance with the following provisions:

1. All Canadian dollars held by the Bank of France will be entered in a single account in Canadian dollars. This account will be credited in particular:

a) with Canadian dollars which the Bank of France will purchase from persons residing in the franc zone (Canadian dollars corresponding either with revenues or a capital sum),

b) Canadian dollars paid by the Bank of Canada for the acquisition of French francs with a view to payments in the franc zone.

2. Payments from the franc zone to Canada will be made

a) In Canadian dollars when the matter has to do with I° official French payments (purchases through the medium of the French Purchasing Mission to Canada and the expenses of French diplomatic missions to Canada) II° with payments from St. Pierre and Miquelon.

b) In United States dollars in all other cases.

3. Payments by Canada in the franc zone will be made in principle in United States dollars with the reservation of the two following exceptions:

a) Payments receivable for the account of St. Pierre and Miquelon will be made in Canadian dollars.

b) The Bank of Canada may continue to acquire francs against Canadian dollars for the purpose of affecting payments in the franc zone.

4. a) The credit balance in francs of the account of the Bank of Canada with the Bank of France may at any moment be converted into United States dollars.

b) On account of the importance of the payments which the French Government will have to effect in Canada during a certain period, there is no reason to anticipate at the present time the conversion into United States dollars of the credit balance of the Bank of France with the Bank of Canada. However, the evolution of circumstances was to lead subsequently to the accumulation to the credit of the account of the Bank of France with the Bank of Canada of a balance of Canadian dollars in excess of the requirements of the French Government for its payments to Canada. This balance could be converted into United States dollars.

**1160.** DEA/1-AHs

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires aux gouvernements alliés*

*Secretary of State for External Affairs*
*to Chargé d'Affaires to Allied Governments*

TELEGRAM 52 Ottawa, June 13, 1945

Following for the Canadian Minister to the Netherlands, Begins: Enquiry has been received from French Embassy as to whether we would authorize you to testify in the case of M. Jacques Chevalier, hitherto secrétaire d'État à l'Instruction Publique, about his relations with the British Government from December 1940 to May 1941.

Department has no objection in principle to such a testimony, provided the information given would definitely be essential to ensure that justice would be done.

Before replying to the French Embassy's enquiry, I would appreciate it if you would say by telegram whether the information in your possession would be necessary to ensure justice in this matter.

**1161.** DEA/I-AHs

*Le chargé d'affaires auprès des gouvernements alliés*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires to Allied Governments*
*to Secretary of State for External Affairs*

TELEGRAM 128 London, June 14, 1945

TOP SECRET. Your telegram No. 52, June 13th. Jacques Chevalier was essential link for communications between London and Marshal Petain. Consider that if judicial authorities were in possession of this information it would greatly help in his defence. Ends.

**1162.** DEA/688-40

*L'ambassadeur de France*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador of France*
*to Under-Secretary of State for External Affairs*

No. 119 Ottawa, le 19 juin 1945

Monsieur le Sous-Secrétaire d'Etat,

J'ai l'honneur de vous présenter au nom de mon Gouvernement la demande de restitution au Gouvernement Français des deux navires de notre flotte de commerce, le *M.V. Maurienne* et le *S.S. Limoges*.

Il serait hautement désirable que ces deux navires, réquisitionés par votre Gouvernement en 1940, puissent être rendus à la gérance française dans le plus bref délai possible.

J'ai également l'honneur de vous demander de vouloir bien me faire connaître la compensation équitable que votre Gouvernement compte proposer au titre des indemnités prévues, afférentes d'une part à l'utilisation propre de ces navires et d'autre part aux réparations et remise en état qui pourraient en découler.

Je suis enfin en mesure de donner l'assurance à votre Gouvernement qu'il ne pourra en aucun cas avoir à supporter les conséquences d'un recours éventuel des propriétaires de ces navires, relatif à ces indemnités dont le montant et les modalités de paiement seront déterminés par accord entre le Gouvernement canadien et le Gouvernement français.

Veuillez agréer etc.

J. DE HAUTECLOCQUE

**1163.** DEA/7864-40

*Le ministre des Finances*
*au conseiller commercial, l'ambassade de France*

*Minister of Finance*
*to Commercial Counsellor, Embassy of France*

Ottawa, June 22, 1945.

Dear M. Paul-Boncour,

I wish to thank you for your letter of June 12th, containing draft proposals for financial arrangements between Canada and the franc area.

In principle, these proposals are acceptable to me, subject to the following points of interpretation;

1. In paragraph 1 (a), where it is stated that the Canadian dollar account of the Bank of France will be credited in part with Canadian dollars which the Bank of France buys from persons residing in the franc area (Canadian dollars arising out of either income or capital), I have to point out that under our foreign exchange control regulations Canadian dollars arising out of capital payments are not ordinarily good payment for exports which, when consigned to countries outside the sterling area, are required to produce either United States funds or a currency freely convertible into United States funds. As the Governor of the Bank of Canada informed M. Guindey, however, we should be prepared to allow Canadian dollar bank balances owned by residents of France, and now under the control of the Canadian Custodian of Enemy Property, to be transferred to the account of the Bank of France and used to make payments in Canada, including payments for goods to be exported from Canada to the franc area, without attempting to determine whether these Canadian dollar balances arose out of income or capital transactions. We should not at the present time be prepared to undertake that future Canadian

dollar payments of a capital nature to residents of France would be similarly treated, but we should, of course, be prepared to discuss this question with you in the light of the circumstances prevailing at the time the situation arose.

2. In the enumeration in paragraph 1 of the sources of Canadian dollars which will be credited to the account of the Bank of France, it might be desirable to include as a separate item:

(c) Canadian dollars arising out of the sale of United States funds in Canada.

3. In paragraph 2 (a) it would be desirable to state that payments from the franc area to Canada may be made in Canadian dollars "derived from official sources as described in paragraph 1 above." The addition of paragraph 1 (c) suggested above will complete the list of official sources of Canadian dollars and the addition of this phrase will make it clear that the Canadian dollars to be used in payment from the franc area to Canada cannot arise through purchases in the unofficial market in Canadian dollars.

I have discussed the points relating to the conduct of the Bank of France account with the Bank of Canada, and am advised that they are satisfactory to the Bank of Canada. I assume that the Bank of France will be in direct communication with the Bank of Canada regarding the details of these arrangements.

The arrangements you propose regarding the convertibility into United States funds of excess French franc balances which France may hold, and excess Canadian dollar balances which France may hold, are satisfactory.

If these points of interpretation are satisfactory to your Department and you can confirm that fact to me by letter, I would suggest that our exchange of letters, together with your memorandum, should themselves constitute the agreement between our two Governments on the matters which they concern.

Yours very truly,

J. L. ILSLEY

**1164.** DEA/688-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur de France*

*Secretary of State for External Affairs to Ambassador of France*

No. 35 Ottawa, June 28, 1945

Excellency,

I have the honour to refer to your note of June 19th conveying in the name of your Government a request, first for the return of the two French vessels *M.V. Maurienne* and *S.S. Limoges* which were requisitioned by the Government of Canada in 1940, and secondly for compensation in respect of their use for the period of their requisition.

I am pleased to inform you that the Government of Canada is ready to make arrangements for the prompt delivery of these ships and to leave the terms of

compensation to be agreed upon by the expert advisers of the two Governments, who, it is suggested, should meet at as early a date as possible.

As regards the method by which this compensation is to be paid, I should like to draw your attention to my earlier note of September 26th addressed to your predecessor in which it was indicated that the Government of Canada would wish it to be mutually accepted that the compensation to be agreed upon for the term of requisition be a contribution by the French authorities under the provisions of Article II of the Mutual Aid Agreement, signed on April 14, 1944, between the Government of Canada and the French Committee of National Liberation.

Subject to the acceptance of this understanding, the Government of Canada would be glad to arrange an early meeting of expert advisers and would be prepared to discuss, in addition to the terms of compensation for the use of the *M.V. Maurienne* and *S.S. Limoges*, terms of compensation for the two French ships, the *S.S. Lisieux* and the *S.S. St. Malo*, which were lost subsequent to requisition, provided that the French authorities are willing to give, in respect of these two vessels, a guarantee of indemnity similar to that contained in your note of June 19th in respect of the *Maurienne* and the *Limoges*.

Accept etc.

J. E. READ
for the Secretary of State
for External Affairs

**1165.** DEA/1-Vs

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*[34]

*Secretary of State for External Affairs to High Commissioner in Great Britain*[34]

TELEGRAM 1814 Ottawa, August 8, 1945

IMMEDIATE. PERSONAL AND CONFIDENTIAL. Any public statement arising from M. Chevalier's evidence at the Petain trial yesterday should come from the United Kingdom authorities and you should not discuss the matter with the press. In response to press enquiries here we shall confine ourselves to general account of the arrangements under which you were authorized to convey messages between London and Vichy and shall not say anything about the substance of your discussions in Vichy.

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[34]Le télégramme était adressé comme suit:/The telegram was addressed as follows: For the Canadian Minister to the Netherlands, London.

**1166.** DEA/1-Vs

*Le chargé d'affaires aux gouvernements alliés*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires to Allied Governments*
*to Secretary of State for External Affairs*

TELEGRAM 165 London, August 9, 1945

Following from Dupuy, Begins: Your telegram No. 1814 of August 8th.

Thank you for informing me of Department's position regarding press and Petain trial. As far as I am concerned I have only to maintain attitude I have adopted from the start. When requests have been made to me for comments I have stated the information collected by me in the accomplishment of my missions to France is the property of my Government and that I can make no statement unless instructed to do so. Ends.

**1167.** DEA/1-Vs

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires aux gouvernements alliés*

*Secretary of State for External Affairs*
*to Chargé d'Affaires to Allied Governments*

TELEGRAM 75 Ottawa, August 10, 1945

Your telegram No. 165. The press were given yesterday some general information about circumstances and dates of your visits to Vichy in 1940 and 1941 but nothing was said on substance of Chevalier's evidence. Press were told that any comment on this should come from United Kingdom authorities. Your report of your 1940 visit is not sufficiently detailed to enable us to judge accuracy of Chevalier's statements. Please, therefore, send by bag your comments[35] on his assertions, especially concerning the conclusion of an agreement which was accepted by Petain and United Kingdom Government.

**1168.** DEA/7864-40

*L'ambassadeur de France*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador of France*
*to Under-Secretary of State for External Affairs*

NO. 160 Ottawa, le 25 août 1945

Monsieur le Sous-Secrétaire d'Etat,

Le Ministère canadien des Finances d'une part et le Conseiller Commercial de l'Ambassade de France agissant sur les instructions du Ministère français

[35]Non trouvé./Not located.

des Finances d'autre part, ont défini d'un commun accord les modalités selon lesquelles seront effectués les paiements entre le Canada et la zone-franc.

Les conversations ainsi engagées ont abouti à la rédaction d'un memorandum qui a reçu l'accord du gouvernement français et que j'ai l'honneur de vous transmettre sous ce pli.[36]

Le memorandum ci-joint tient compte dans sa rédaction actuelle des observations formulées par la Ministre canadien des Finances dans sa lettre du 28 juin 1945 au Conseiller Commercial de l'Ambassade de France.

Je vous confirme, d'autre part, que le gouvernement français est entièrement d'accord sur l'interprétation donnée au présent memorandum par le Ministre canadien des Finances dans sa lettre ci-dessus visée.

Le gouvernement français comprend notamment que le gouvernement canadien n'est pas actuellement disposé à autoriser l'utilisation, pour des paiements au Canada, de capitaux appartenant au Canada à des résidents de la zone franc. Toutefois, il est entendu que chaque cas particulier pourra, à cet égard, être examiné d'un common accord à la lumière des circonstances et, d'autre part, que toutes les sommes actuellement détenues par le Séquestre des biens ennemis pourront être utilisées par le gouvernement français pour des paiements au Canada sans qu'il y ait lieu de distinguer si ces sommes proviennent de revenus ou de capitaux.

Je vous serais obligé de vouloir bien me confirmer l'accord définitif du gouvernement canadien sur ces différents points ainsi que sur le memorandum ci-joint.

Veuillez agréer etc.

J. DE HAUTECLOCQUE

**1169.** DEA/7864-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur de France*

*Secretary of State for External Affairs to Ambassador of France*

No. 62 Ottawa, September 11, 1945

Excellency,

I have the honour to refer to your note No. 160 of August 23rd regarding the transfer of funds between Canada and the franc area.

I am pleased to inform you that the arrangements detailed in your note and in the attached memorandum accord with my understanding of the discussions

[36]Voir la pièce jointe, document 1159./See enclosure, Document 1159.

at the meetings to which you refer, and that the Government of Canada is in entire agreement with the arrangements as described.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1170.** DEA/1-E-ls

*L'ambassadeur en France*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in France*
*to Secretary of State for External Affairs*

TELEGRAM 644 Paris, November 20, 1945

TOP SECRET. Following for the Prime Minister, Begins: Last night General De Gaulle asked me to call on him. He said it was possible that he might not succeed in forming a Government. In this event he believed it would be in the general interest if he left France for a time. His presence here might give rise to demonstrations in his favour and embarrass him and his successor. If the Canadian Government saw no objection he would like to go to Canada as a private citizen, and in order to rest, as on occasion Mr. Churchill had come to France. He would not require any arrangements to be made for him in Canada. Apparently he has in mind some spot to which he could go directly. He would leave France in his private plane.

In answer to a question, he said that events might move quickly and that his departure from France might take place within a very short time. Ends.

**1171.** DEA/1-E-ls

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur en France*

*Secretary of State for External Affairs*
*to Ambassador in France*

TELEGRAM 563 Ottawa, November 20, 1945

IMMEDIATE. TOP SECRET. Your telegram Nos. 644 and 646' of November 20th. Following from Prime Minister, Begins: While I should greatly regret a development of events in France which would make General de Gaulle feel that he should leave France at this time, you may assure him that the Canadian Govenment would see no possible objection to his coming to Canada in the circumstances outlined in your telegram, and would be very pleased to facilitate the arrangements he may decide upon. Ends.

**1172.** DEA/1-E-ls

*L'ambassadeur en France*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in France*
*to Secretary of State for External Affairs*

TELEGRAM 664 Paris, November 25, 1945

TOP SECRET. Following for the Prime Minister, Begins: Your telegram No. 563 dated November 20th. General de Gaulle received me yesterday afternoon, expressing regret that he had not seen me before, as he had been busy forming a Government under great difficulties. I said that I quite understood. He was most appreciative of your message and asked me to convey his warmest thanks to you. He said that he might like to go to Canada later in order to rest, possibly in the interval between conclusion of Assembly's work and elections which will take place after. He foresaw no major crisis which would force him to leave France before. Ends.

## PARTIE 9/PART 9
## GRÈCE
## GREECE

**1173.** DEA/535

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1460 London, August 16, 1945

IMMEDIATE. SECRET. My telegram Circular D. 1347 of August 1st.
*Greece.*

You will have seen from my telegram under reference that agreement has now been reached for the supervision of the forthcoming Greek elections by ourselves, the United States of America and France. We are at the moment discussing with the United States Government the text of a suitable announcement. If this can be agreed in time the Foreign Secretary will probably make the announcement when he speaks in Parliament on about August 20th.

2. We should greatly appreciate Dominion Governments' participation in this supervision and am sure that such a step would be unreservedly welcomed in Greece. The form which such participation might take would be the inclusion of Dominion representatives in the British contingent.

3. Detailed plans for supervision have still to be worked out in consultation with the Greek Government. His Majesty's Ambassador in Athens suggested that each of the three supervising Powers might appoint about 70 observers,

but the United States Government are thinking of larger numbers and have proposed a tentative figure of 500 for the American contingent. We have no reason to limit the number of observers and would, therefore, welcome up to say 50 representatives from each Dominion, subject to final plans when these are worked out. Decision has not yet been taken whether observers should be military or civilian, but the preliminary view is that they should be in uniform.

4. Should be grateful for early expression of your views.

**1174.** DEA/535

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 193 Ottawa, August 17, 1945

SECRET. Your telegram Circular D. 1460 of August 16th. Greece. While we appreciate the need for impartial supervision of the Greek elections, the Canadian Government has not been party to any of the arrangements concluded to this end. We feel that it would be inappropriate, therefore, for Canadian observers to participate as you suggest.

## PARTIE 10/PART 10
## GROENLAND
## GREENLAND

**1175.** DEA/5012-40

*Mémorandum de l'adjoint spécial en temps de guerre du sous-secrétaire d'État aux Affaires extérieures*

*Memorandum by Special Wartime Assistant to Under-Secretary of State for External Affairs*

SECRET [Ottawa,] April 20, 1944

### CANADA'S POST-WAR INTERESTS IN RELATION TO GREENLAND

1. Canada's interests in relation to Greenland may be classified as strategic, civil aviation, economic, cultural.

### STRATEGIC INTERESTS

2. Events of the war have amply demonstrated the importance of Greenland for maintaining air and surface communications with the United Kingdom.

Bases in Greenland have been used for three purposes: staging fields for aircraft proceeding to Britain; air coverage for Atlantic patrol; patrolling of Greenland coasts and near-by waters to prevent use by the enemy. As a staging field, Bluie West 1 has been useful for part of the year, especially for short-

range aircraft and for bombers completely equipped and with full complement of crews. Practically all aircraft proceeding over the Northern Route have been despatched via Gander or Goose, the Hudson Bay Route being little used. Except for short-range aircraft or completely equipped bombers the distance direct to the United Kingdom or via Iceland is not prohibitive. The southern base in Greenland, Bluie West 1, has proven to be a relatively hazardous landing field because of fog and proximity to mountains. The northern base, Bluie West 8, is a safer field and much freer from fog but farther off the direct route to Iceland. The East Greenland field, Bluie East 2, has proven to be difficult to service because of ice conditions and appears to be subject to fog. The Greenland fields, particularly Bluie West 1 and Bluie East 2, have proven useful for patrolling Greenland coasts and territorial waters and for protecting convoys over the northern route. Greenland meteorological stations have also proven to be of great importance for observing and forecasting weather conditions. They have become essential for trans-Atlantic aerial navigation, and are highly useful for aerial operations over Western Europe. Wireless direction finding stations have been of importance in locating submarines operating in the Atlantic. The persistent attempts of the enemy to establish meteorological stations in northern Greenland indicate that weather forecasting may also be important for submarine operations.

3. Greenland has also attained a new importance for the direct defence of North America, especially of Canada. The establishment of landing fields in Greenland has created new defense hazards since undefended they would be an invitation to enemy landings. The construction of two chains of landing fields (that by Goose and that across Baffin Island to Churchill) has made Greenland a junction area for two aerial highways into the interior of the Continent. The helicopter plane may create new defence problems, since it apparently does not require elaborate landing fields to unload cargo or personnel. These new hazards cannot be overlooked in post-war defence arrangements for North America. It is thus obvious that North America cannot afford to leave Greenland without the means of effective local defence, as it was before the war.

4. The local defence of Greenland during the present war is the exclusive responsibility of the United States, responsibility being formally assumed by the Agreement with Minister Kauffmann of April 9, 1941. It is noteworthy that the United States consistently opposed any military action by Canada in Greenland.

After April 9, 1940, when Denmark was overrun, Canada suggested sending a guard for the cryolite mine, assuring the United States that the action would be purely of emergency character, that Canada "would be acting as a trustee for a restored and independent Danish Government," but the United States Secretary of State replied that any military action would be highly undesirable — personnel of the United States Coast Guard were employed as mine guards instead. Later when, at the request of the United Kingdom, Canada suggested the desirability of establishing an air field for ferrying aircraft and meteorological and wireless stations, and proposed sending a survey party, the United

States intimated its disapproval of action by Canada, but agreed to send its own party, Canada being asked to send an observer. Again, after the Bismarck's attack on a convoy in the Denmark Strait, Canada expressed concern about the defence of Greenland and offered to co-operate in its defence. The United States declined the offer. On the other hand, it should be noted (1) that the United States was not then formally at war, and was following a policy of hemisphere defence; and (2) that Canada encouraged the United States, or at least did not discourage the United States from assuming responsibility for Greenland.

Moreover, in negotiations over Greenland Canada was kept carefully informed by the United States, and in the Agreement of April 9, 1941, Canada was assured the use of defense facilities as "an American nation".

5. Assuming an independent Denmark after the war, the re-establishment of Danish control over Greenland would appear to be virtually certain. The United States Government has repeatedly gone on record as favouring the continuance of Danish sovereignty and control over Greenland and has repeatedly defined its role in Greenland as that of trustee for the Danish Government. The Canadian Government has assured the Governor of Greenland of its belief in the good faith of the United States in this respect and it also pointed to the Atlantic Charter as additional evidence of American policy. By implication Greenland is thus assured as to Canadian policy.

6. The disposition of the bases is, however, another matter. The Agreement of April 9, 1941, with Minister Kauffmann is to remain in force "until it is agreed that the dangers to the peace and security of the North American Continent have passed." Presumably "present dangers" relates to the European war. The "modification or termination of the Agreement" will then be the "subject of consultation" between the Governments of the United States and Denmark. After consultation the Agreement is subject to repudiation by either party on twelve months' notice. This arrangement is in striking contrast to the Agreement with Iceland, which provides for immediate withdrawal of all American Forces at the close of the war. While the time factor in the Agreement with Greenland is sufficiently elastic to permit of continued occupation of the bases by the United States for a considerable period without any change in the Agreement, it is scarcely conceivable that occupation could continue indefinitely without modification of the Agreement. It should not be overlooked that in any postwar negotiations the United States will be in a strong position, Denmark in a weak position: First, the United States will be in occupation; second, the United States can reasonably claim to have protected Greenland for Denmark by the occupation; third, Denmark may be in serious financial difficulties. Carrying the colony has normally entailed a financial loss and may be more of a liability in the future than in the past, both because of the declining market for cryolite, which was an important source of public revenue for Greenland, and because of the probable demands from the people of Greenland for better services and higher living standards due to their contact with the outside world during the present war. A relatively small

financial consideration might secure for the United States very substantial post-war rights in Greenland.

7. Since access to the Greenland fields can only be secured across Canadian territory and by use of Canadian bases, Canada is thus certain to be under heavy pressure from the United States for the right of transit across Canadian territory and the use of Canadian fields should it retain bases in Greenland after the war. Another strategic consideration, though a long-range one, should also be kept in mind. The increasing range of aircraft puts Greenland within reach and possibly before long within bombing reach of Northern Europe, even of the U.S.S.R. It is conceivable that if relations became strained between the United States and the U.S.S.R. Greenland might become a border zone between them. It is also conceivable that if the effective range of aircraft is substantially increased, continued possession of Greenland fields by the United States might be deemed by the U.S.S.R. as a possible menace. It would, therefore, seem to be in Canada's interests to have the United States withdraw from Greenland after the war. The bases probably could not be safely dismantled. Nor would the United States be likely to agree to such a course. They might be maintained and manned by Denmark, or even by Canada if the United States agreed, which is scarcely likely.

8. The local defence of Greenland is primarily a problem of air and coastal naval patrol, assuming that control of the High Seas of the North Atlantic rests in friendly hands. In view of the fact that direct air communications between Canada and Greenland are now easily feasible, the local defence of Greenland would appear to be easily within the competence of Canada, if such bases were readily available to Canada in the event of emergency, and especially if they were manned by Canada. Whether the United States would be willing to transfer Greenland bases to Canada is entirely a matter of conjecture, but, in view of the unwillingness of the United States to permit Canada to assume any responsibility for Greenland in 1940 or 1941, transfer of the bases in favour of Canada would seem scarcely probable, even if acceptable to Denmark. Even if the United States were prepared to do so it would probably attach conditions, among them (a) that the bases would be adequately maintained, and (b) that they would be available to the United States in any emergency.

9. If Canada is not prepared to grant the United States a permanent right of way to Greenland across Canadian territory, it is probable that the United States would be prepared to turn the bases over to Denmark subject to conditions of maintenance and right of user by the United States in event of emergency. Some financial assistance might be made to Greenland for their upkeep. Because of the geographical relation of Greenland to Canada, Canada should in that event insist on equal and similar rights of military user and be prepared to assist in maintenance costs. Otherwise Canada would tend to be dependent on the United States for defence of the Northeast, and for the maintenance of trans-Atlantic communications in the event of emergency.

10. It is, however, quite possible that the United States may seek to secure permanent or long-term tenure of the bases on terms similar to those for

Atlantic bases secured from the United Kingdom. Such a development would not be in the best interests of Canada and perhaps not of Greenland, but we could do little to prevent it. If it should occur, or seem probable, Canada should make certain that she would have continued rights of military user. In view of the close consultation between Canada and the United States prior to the establishment of the bases, it may be assumed that the United States would be prepared to consult with, or at least inform, Canada prior to modification of the present Agreement. It should not, however, be assumed that consultation would take place on the initiative of the United States. Canada should, therefore, take advantage of any favourable opportunity to inform the United States that in view of the close consultations prior to the Agreement of 1941, and in view of the geographical proximity of Greenland to Canada, Canada would expect to be consulted prior to a modification of the Agreement.

11. When the sovereignty of Denmark over Greenland was recognized in 1920, the precaution was taken by the United Kingdom, at the instance of Canada, to inform the Danish Government that "His Majesty's Government must reserve their right to be consulted, should the Danish Government at any time contemplate the alienation of this territory." Canada would thus have good grounds for informing as well the Danish Government or its recognized representative, Mr. Kauffmann, that Canada would expect to be consulted prior to any modification of the Agreement with the United States.

### INTERESTS WITH RESPECT TO CIVIL AVIATION

12. In the matter of civil aviation, Greenland is geographically on the great circle route between the mid-Continental arms of North America and Northern Europe. It is, of course, probable that the routes over Newfoundland and Labrador direct to Europe or via Iceland will be much busier. But the northern route via Greenland cannot be overlooked, and especially if Scandinavian countries or the U.S.S.R. desire to establish a direct route to North America.

13. Canada will control the American approaches to the Greenland route. The fields established during the present war in the Hudson Bay region will probably be useful for trans-Atlantic aviation if the northern or Greenland route is developed. Present bases in Greenland and particularly Bluie West 1 and East Greenland, appear however to be unsatisfactory for civil aviation. If a route via Greenland is developed it is possible that a field or fields farther north than any of the existing fields would be desirable. Development of such fields might entail development of new fields in Northeast Canada. But whether or not this route is developed, it would appear desirable to maintain the fields developed during the war in the Hudson Bay region for administrative and defence purposes.

### ECONOMIC INTERESTS

14. An important consideration in 1940 was the maintenance of the continued supply of cryolite. This has now become relatively unimportant in view of the development of a synthetic product from high-grade fluoride, of

which probably the world's largest deposit is in the Burin Peninsula, Newfoundland.

15. During the war Canada has become the main base of supplies for Greenland, but this is scarcely likely to continue with the re-establishment of Danish control. In quantity, however, this trade is of very little importance.

16. It is possible, although not probable, that the development of fisheries in Greenland may make Greenland a serious competitor of Canada in salt fish markets. Canada would appear at least to have sufficient interest in the Greenland fisheries to warrant co-operation from time to time with Greenland on fishing questions of mutual interest.

CULTURAL INTERESTS

17. Denmark has been relatively successful in, and has had long experience with, the handling of native Arctic peoples, and a great deal of scientific work has been done on the Arctic in Greenland. Canada has much to learn, both from a scientific and administrative point of view, from the experience and research activities of the Danes in Greenland. If a developmental programme were contemplated for the Northeastern Arctic obviously close co-operation with the Greenland Administration would be highly desirable.

[R. A. MacKay]

## PARTIE 11/PART 11
## MEXIQUE
## MEXICO

**1176.** DEA/5994-40

*L'ambassadeur au Méxique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Mexico*
*to Secretary of State for External Affairs*

DESPATCH 337 Mexico City, September 25, 1945

CONFIDENTIAL

Sir,

I have the honour to present a few comments on the financial position of this country which will provide a background for much of the political reporting that has, or will, emanate from this Embassy.

2. Recent issues of the Federal Reserve Bulletin (U.S.) have been devoting a good deal of attention to financial developments in Mexico and in Latin America as a whole. The material thus collated gives a useful framework within which the problems of the next few years can be tentatively sketched.

3. The chief effect of the war on Latin America as a whole has been greatly to stimulate the export trade and to retard imports. In U.S. dollar

terms the total exports of Latin America in 1939 were only $1.8 billions. By 1944 this figure had expanded to $3.3 billions. Between 1939 and 1944 Latin American imports rose only from $1.3 billions to $1.8 billions, and much of the latter figure represented Lend-Lease materials supplied to Brazil, Mexico and other Allied countries. During the five years from 1940 to 1945 there was an aggregate export surplus of $3.5 billions of which only $1.3 billions went into (net) payments abroad on capital account or to the servicing of overseas debts.

4. In Mexico the general Latin American trend was reproduced though in a less exaggerated form than for the hemisphere as a whole. In this country exports increased but so, in certain years, did imports. This was particularly true in 1944 when imports from the United States rose almost 50%, as compared with 1943, to a total of $264 million as compared with exports to the United States of $204 million. From 1940 to 1944 inclusive Mexico stood first among the countries of Latin America in the list of customers of the United States. But even here there was a cumulative export surplus for the five years of $53 million. Through other channels, however, the U.S. dollar reserve in Mexico was expanded until at the end of 1944 it stood at $222 million as compared with $32 million in December, 1939.

5. For Latin America as a whole reserves of gold and foreign exchange increased over 300%: from $828 million in 1939 to $3,335 million in 1944. This vast increase in official reserves in such a brief period was by itself a great stimulus to monetary expansion within the various domestic economies. As a result of payments in local currencies for these foreign assets, the amount of money in circulation in Latin America was more than doubled. In Mexico it increased, through these and other causes, from $919 million pesos to 3,392 million pesos.

6. These conditions — a tremendous increase in purchasing power plus a severe decline in the quantity of goods available for purchase — presented the financial authorities throughout Latin America with a problem which they were ill-equipped to meet. Tax schedules were raised but tradition and the political influence of the more taxable elements in the populations made quite impossible any serious draining off of surplus funds by this means. In Latin America generally, although not in Mexico, the radical decline in imports disrupted the normal policy of relying upon customs' revenues for a large part of the national incomes. As no other comparable sources of revenue were readily available there developed in most countries of Latin America the paradoxical combination of budgeting deficits at the same time that the countries concerned were accumulating gold and foreign exchange assets. Financing of budgetary deficits by central bank credits became a common phenomenon throughout the hemisphere.

7. In general it can be said that the national policies in most Latin American states, instead of minimizing the tendency towards inflation, had, in fact, the contrary effect. As a result, domestic prices south of the Rio Grande have risen more sharply than in many of the countries actually engaged, in a serious degree, in the war. It is difficult to obtain satisfactory figures but for Mexico — admittedly one of the worst examples — a reasonable estimate for the

increase in living costs between the end of 1939 and the end of 1944 is 250-300%. This compares with figures of, I believe, about 18% in Canada, and 27% in the U.S.A. (The official figures for Mexico show an increase in the cost of living index of only 100%. This index, however, is based on such an unrepresentative base that it has little relation to the actual situation.)

8. The countries of Latin America are now faced with the difficult task of endeavouring to work out a new and relatively stable equilibrium. This is going to be a particularly difficult task especially in some countries for, while holdings of foreign exchange have greatly expanded, these reserves will not be adequate to meet the cost of satisfying the accumulated demands for foreign goods. According to the *Economist* the U.S. Department of Commerce has estimated that Latin America will require over the next four years a total of $3.3 billion worth of capital goods imports to make good arrears on maintenance and replacement ($2.1 billion) and new developments ($1.2 billion). This is almost exactly the amount of the accumulated reserves as at the first of this year and it takes no account of the tremendous backlog of orders for consumption goods. Any estimate of the amount involved in the deferred demands in this category is necessarily a guess, but it is not unreasonable to estimate that it will at least equal the demand for capital goods imports.

9. The importation of foreign goods on any such scale as these figures would seem to indicate as possible, will inevitably create difficult problems for the financial authorities of the Latin American countries. It will also cause serious internal dislocations by its effect on the war-fostered and protected industries of the Latin American states. Most of these will collapse at once if exposed to the full rigors of North American and European competition. Yet they are inadequately developed, in most cases, to meet the domestic demands, and their costs of production are generally so high as to make their products unavailable to the mass of the consumers in their respective countries except in times of full employment, high wages and easy money.

10. These countries, including Mexico, are faced with the predicament of trying to decide just how far they can safely go in allowing foreign goods (particularly consumption goods) to enter their ports in order to supply the present active demand at the cost of eliminating some of their new war-protected industries. This explains the "unnatural" rapprochement that has recently developed in Mexico between the left wing of the Labour movement under Lombardo Toledano and the most conservative elements in the world of Mexican industry. Apparently Toledano is now prepared to protect the trusts and monopolies, and to allow the masses of Mexico to go without many articles that they could afford to buy if imported, in order to preserve the jobs of his syndicate membership.

11. The importation of capital goods into Mexico — and into other Latin American countries — will presumably be facilitated by loans, particularly from the United States through the Import-Export Bank. Just how justified such loans may be, from the standpoint of normal financial practice, will vary from country to country and from case to case. In many instances the deplorable history of the loans made to Chile, Bolivia, Peru and elsewhere after

the conclusion of the First World War may well be repeated. The United States, however, will be under tremendous political pressure to grant such financial accommodation and it may be assumed that credits will be made available in many cases with political rather than financial justification. The fact that the United States is almost the only country in the world that has the resources to make such loans, and that in many cases at least the loans will be "tied" to United States exports, will give that country a tremendous commercial advantage in Latin America.

12. This raises questions for Canada. As has often been repeated, Canada is more popular in the Latin countries than is the United States and most Latin Americans would rather borrow or buy from Canada than from the United States.

13. As Canada is the only country, other than the United States, with money available for foreign loans on any considerable scale, it is suggested that some careful thought should be given to what extent, if any, interest in Canadian loans to Latin America should be stimulated. My own impression is that there are a good many sound investment opportunities — among a great many more questionable ones — available in the Latin American countries and that Canadian capital, by a judicious selection and by cooperation with local investors, could do a good deal of profitable business in these countries in the next few years. The desirability of associating Canadian investments with the funds of native investors has obvious political advantages and should never, except in the most exceptional cases, be varied.

14. I should be glad to learn at your convenience, the views of the financial officers of the Canadian Government as to the desirability of encouraging Canadian investments in this part of the western hemisphere. The connection between such investment and Canadian trade possibilities is obvious, and requires no emphasizing.

I have etc.

H. L. KEENLEYSIDE

**1177.** DEA/5682-40

*L'ambassadeur au Méxique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Mexico*
*to Secretary of State for External Affairs*

DESPATCH 407 Mexico City, November 13, 1945

Sir,

I have the honour to enclose two copies of a translation of a draft of a commercial agreement† which has been presented to this Embassy by the Mexican Foreign Office, and which is designed to provide a basis for the continued discussion of the various aspects of this subject which have already been tentatively under review by the two Governments.

2. The draft submitted by the Mexican Government was translated in the Embassy, and has been examined in detail by Mr. Cole[37] and the members of the Commercial division of this office. It has been compared with other agreements which are in effect between Canada and countries of Latin America, and has been reviewed in the light of our knowledge of the views of the Canadian Government in regard to such matters.

3. As will be recalled from previous correspondence[1] in relation to the negotiation of a Trade Agreement between Canada and Mexico, it has been clearly indicated to us here that the Mexican authorities would prefer to have an agreement under which specific commodities would receive special tariff concessions which would not be granted to similar commodities from third countries. In our discussions with Mexican officials, however, we made it quite plain that there was little likelihood that the Canadian Government would be prepared to consider an arrangement of this kind. That our views in regard to this matter have been accepted by the Mexican Government is clear from an examination of the draft agreement on commerce now under reference.

4. In common with certain other countries in Latin America and Europe, Mexico's present tariff schedule is of the single column type and grants no preferential rates to imports from any other state. Throughout Latin America, however, a number of countries which formerly operated on the single column system have broken away from this policy during the past decade. This has been accomplished either by showing two columns in the tariff, or, while retaining the single tariff form, by establishing super-taxes to apply to imports from certain countries under specified conditions. Examples of the latter are found in the cases of Guatemala, El Salvador, Ecuador and Haiti. In still other instances the single column tariff has been modified by granting concessions on a few products by agreements with other countries but retaining non-differentiation for all other products. In this category may be included Chile and Colombia. As has been indicated above, Mexico would like to make an arrangement of this kind with Canada, although up to the present this country has adhered to the single column policy.

5. It will be recalled that Canada has extended Most Favoured Nation treatment to a few countries with single column tariffs as in the case of the Convention of Commerce with Belgium dated July 3rd, 1924, and a similar agreement with the Netherlands signed on July 11th, of the same year. In this connection it will be noted that, whilst Belgium nominally has maximum and minimum tariffs, the maximum has remained inoperative and does not apply to imports from any country. The Netherlands, for many years has treated all countries alike in applying tariff rates, and does not grant even her own colonies a tariff preference. Bolivia and Panama are countries in Latin America which have single column tariffs, but which are granted Most Favoured Nation treatment by Canada. Thus we would be creating no precedent by entering into a Most Favoured Nation agreement with Mexico. In

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[37]D. S. Cole, conseiller commercial au Mexique.
D. S. Cole, Commercial Counsellor in Mexico.

the cases of Bolivia and Panama the Canadian concession was extended by Order-in-Council on July 20th, 1935. By this procedure Canada accepted the provisions of commercial treaties between the United Kingdom and the other countries concerned.

6. As Canada's Most Favoured Nation agreeements follow, to some extent, a definite pattern or formula, I have asked our Commercial Division to prepare a comparative study of the draft agreement submitted by the Mexican Government and the Canada-Guatemala Agreement of September 28th, 1937. (This Agreement was published in our Treaty Series, 1939, No. 3.) The following comments are based on this study.

7. Articles 1, 2, 3 and 4 of the Mexican draft correspond quite closely to the four paragraphs of Article 1 of the Canada-Guatemala Agreement.

8. Article 5 of the Mexican draft corresponds in some degree with Article 7 of the 1937 agreement. The first sentence of the Mexican text referring to exceptions to the Agreement and "Customs Unions" is obviously unsatisfactory in its present form and should be modified specifically to meet the Imperial Preference problem or, better still, be deleted. Also, after item (f)[38] something of the nature of the following paragraph should be inserted if the Mexican Article 5 is used in the Canadian draft:

"It is, however, agreed that in the application of the regulations relating to the exceptions listed above, Canadian trade with Mexico and Mexican trade with Canada will not be subjected to restrictions more severe than those applied under similar circumstances to the Most Favoured Nation."

It would probably be preferable, however, to substitute a text similar to Article 7 of the Guatemalan Agreement for the whole of Article 5 of the Mexican draft.

9. Article 6 of the Mexican draft and Article 5 of the Guatemalan Agreement, dealing with problems arising from foreign exchange control and its effects, have much in common. There should be no difficulty in meeting the wishes of the Mexican Government in this regard.

10. Article 7 of the Mexican draft is similar to Article 4 of the Guatemalan Agreement, and will present no difficulties. The Canada-Guatemala Agreement, however, does not include Paragraph 2 of Article 7 of the Mexican draft, which states that, when granting contracts for public works, Mexico will receive and accord just and equitable treatment. There would seem to be no good reason to object to the Mexican suggestions on this point.

11. Article 8 of the Mexican draft deals very briefly with shipping arrangements and it would probably be preferable to include the necessary articles on navigation and shipping in the proposed trade agreement rather than make them the subject of a special and distinct convention. If, however, the Mexican authorities strongly prefer a separate agreement, I can see no serious objection to this course. Our interests can be protected in a special

[38] «Finally, and in a general manner, fiscal or police measures designed to apply to products of foreign origin the regulations enforced within the country in connection with like products of that country.»

agreement as easily as in a series of articles inserted in the commercial treaty. We should not, of course, in either case agree to anything like Article 1 of the Mexican draft shipping agreement[†] [see my immediately following despatch of this date No. 408] which commits the Canadian Government to establish and maintain a shipping service between Canadian and Mexican ports on the Pacific Ocean without providing for any reciprocal benefit for Canada.

12. Unless there is some hidden purpose in Article 9 of the Mexican draft, I see no reason why this should not be included in the final text. It is merely the manifestation of a general interest in the creation of Mexican-Canadian industrial and commercial partnerships. This refers, I presume, primarily to the investment of Canadian capital in Mexican industrial projects.

13. With reference to Article 10 of the Mexican draft, I assume that we will accept the proposal that the agreement be signed in Mexico City. Ratifications can subsequently be exchanged either in Mexico City or in Ottawa, as may accord with your wishes. Because of the desirable publicity that such a visit provides, I would like to suggest that when the treaty is prepared for signature, the Honourable J. A. MacKinnon be requested to come to Mexico City to join with me in the signing of the agreement on behalf of the Canadian Government. Mr. MacKinnon's previous visit to Mexico was prominently featured in the press of this country, and a further visit for the signing of the Trade Agreement would attract a great deal of favourable attention and comment.

14. Article 11 of the Mexican draft corresponds to Article 10 of the Canada-Guatemala Agreement except with regard to the time the agreement will remain in force. Whether the agreement with Mexico should run for three, five or more years is a matter on which I have no strong views. Provision for denunciation on six months notice prior to the expiration of the agreement should prove satisfactory.

15. In the Canadian response to the Mexican draft I think we might consider the advisability of including articles comparable to Article 2, Article 3 (most important), Article 6, and perhaps Article 7, paragraph 1 of the Guatemalan Agreement.

16. There are a considerable number of minor textual emendations that will be required if the Mexican draft is to be used as the basis for further consideration. The repeated reference to "The Dominion of Canada" is a case in point. It has not, however, seemed necessary to refer to these matters in this despatch as they can be attended to when we come closer to a final text.

I have etc.

H. L. KEENLEYSIDE

**1178.** DEA/5682-40

*L'ambassadeur au Méxique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Mexico*
*to Secretary of State for External Affairs*

DESPATCH 408 Mexico City, November 13, 1945

Sir,

With reference to my despatch of this date (No. 407) regarding the draft text of a proposed commercial agreement between Canada and Mexico, I have the honour to enclose a translation of a draft of an agreement on shipping and navigation between the two countries,† which was prepared by the Mexican Foreign Office and transmitted to this Embassy at the same time that we received the draft of the commercial agreement.

2. As was indicated in my despatch under reference, I am inclined to favour the inclusion in the commercial agreement of a number of articles relating to navigation, rather than the negotiation of a second convention on this subject. However, if the Mexican authorities strongly prefer the latter arrangement, I see no serious objection to treating navigation as the subject of a separate understanding.

3. In dealing with the Mexican draft on shipping, it should be pointed out that the Spanish text, as transmitted to this office, was ungrammatical and in places ambiguous. Mr. Eberts, who was responsible for the translation, has drawn attention to a number of corrupt passages, and has indicated that, in certain cases, it is difficult to be sure of the precise meaning which was intended by the Mexican authorities. From other evidence as well, I am satisfied that this draft was prepared in a great hurry and was not carefully scrutinized before being transmitted to us. Nevertheless, its general tenor is clear, and it provides an adequate basis for the following comments:—

4. Canada should not, of course, undertake to bind itself by treaty to inaugurate a steamship line between Canadian and Mexican ports on the Pacific coast as would be required by Article I of the draft agreement. The Mexican authorities propose no comparable contribution by Mexico, and there is no reason why Canada should bind itself to accept a unilateral responsibility of this kind. It is, of course, extremely desirable from the standpoint of Canadian trade with Mexico that such a shipping service should be established and maintained, but there is no reason formally to obligate ourselves in connection with such a service unless the Mexican authorities are prepared to undertake some similar or equivalent responsibilities.

5. There are a great many drafting points which should be corrected if it is decided to use the Mexican text as the basis for a convention between the two countries. These, however, can be discussed at a later stage, if it should be decided to make serious use of the Mexican draft. Of somewhat greater importance, however, is the fact that, in Article V, Section 4, there is an

apparent and substantial contradiction in the text where reference is made to "vessels that furnish mail, passenger and baggage services, provided they do not conduct any commercial transactions." Under most definitions, mail, passenger and baggage services would be considered commercial transactions. Again, in Article XI, the Canadian Government could not agree to the definition of "national vessels", which would seem to require not only that the vessels should be registered in the said country and fly its flag, but also that they should be owned by citizens of the country concerned. It would be very difficult in some cases to establish Canadian "ownership" of certain vessels flying the Canadian flag, yet we would rightly demand that such vessels should enjoy whatever privileges our agreement with Mexico might provide for Canadian shipping.

6. It would obviously be desirable to have the proposals outlined in the Mexican draft examined in the light of other international agreements relating to navigation to which Canada is a party. I recall, for example, that the United Kingdom treaty of commerce, navigation and friendship with Japan, which was signed in 1911 and to which Canada adhered in 1913, had a large number of articles referring to this general subject. Unfortunately, we have not readily available here the text of this or any similar treaty, and cannot, therefore, prepare the desired comparison in this office. In any case, the comparative study can be better done in Ottawa, where all the records and material can be made readily available to officers who are fully acquainted with the subject, and are constantly engaged in the handling of these and related matters.

7. I assume that this draft, together with the draft of the proposed commercial agreement will be discussed in some detail with Mr. Cole during his current visit to Ottawa, and that he will bring back to Mexico an accurate and detailed indication of your views as to the next step that should be taken in relation to these matters.

I have etc.

H. L. KEENLEYSIDE

**1179.** DEA/5682-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] November 26, 1945

I am returning herewith the note of your conversation with the Mexican Ambassador,[39] to which I am attaching notes on the two questions he raised with you, namely, election to the Security Council[40] and the Mexican-Canadian trade treaty.

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[39]Document 541.
[40]Document 542.

The suggestion that the Minister of Trade and Commerce should visit Mexico and some of the smaller countries of Central America, seems to me a good one.[41] His earlier South American tour[42] was genuinely useful and led to a good many friendly contacts, which are proving valuable as trade possibilities revive. If the trip is definitely settled, you might wish to think of suggesting that he use the R.C.A.F. *Liberator* which was equipped for your use.[43] It would add to the impressiveness of the Minister's visit if he could arrive in an impressive Canadian plane.[44]

N. A. R[OBERTSON]

**1180.** DEA/5682-40

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] November 26, 1945

The Department of Trade and Commerce has been working for some months on a draft trade agreement with Mexico and hopes that it might be ready for conclusion early this winter, so that the Minister of Trade and Commerce could participate in its signature, if his journey to Mexico took place. The Craft agreement follows the model of the agreements for the exchange of unconditional most favoured foreign nation treatment which we have concluded during the last few years with most of the countries of Central and South America. Those treaties, in turn, are modelled on the general provisions of our 1938 Agreement with the United States.[45] They do not provide for any specific tariff reductions, but do stipulate that each country gives the other as favourable tariff treatment for its products as it gives to any other country.

In view of the prospect that we shall be embarking on general tariff negotiations in the spring, in company with all the principal trading nations, it

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[41]Note marginale:/Marginal note:
not unless trade agreement to be executed. K[ing]

[42]Voir le volume 8, documents 875-7, 893-5, 936-8.
See Volume 8, Documents 875-7, 893-5, 936-8.

[43]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
I should be quite prepared to have the *Liberator* used for this purpose but it would be for MacKinnon to decide whether he wished to travel by air or not. W. L. M. K[ing] 2-12-45.

[44]Notes marginale:/Marginal notes:
Gibson note. K[ing]
and take necessary action. K[ing] 2-12-45
Noted. J. A. G[ibson]

[45]Canada, *Recueil des traités*, 1939, N° 8.
Canada, *Treaty Series*, 1939, No. 8.

does not seem wise to attempt any specific tariff negotiations at this stage with a country like Mexico.[46]

N. A. R[OBERTSON]

**1181.** DEA/5682-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Méxique*

*Secretary of State for External Affairs to Ambassador in Mexico*

DESPATCH 273 Ottawa, December 1, 1945

Sir,

I have the honour to refer to your despatches No. 407 and No. 408 of November 13th regarding respectively a proposed commercial agreement and a proposed treaty of shipping and navigation between Canada and Mexico.

The two drafts of treaties prepared by the Mexican Government[†] and enclosed in your despatches are at present under discussion between the interested Departments here.

Mr. Cole took with him a draft of the Canadian proposal for the commercial agreement.[†] This agreement has not yet been cleared with the interested Departments in Ottawa. I understand that Mr. Cole had been advised direct of a change in Article VI, paragraph 1. The words "and shall afford adequate opportunity for consultation" have been inserted before the closing words of the paragraph "with a view to effecting a mutually satisfactory adjustment of the matter." He has also been advised of a minor change in Article II, namely, the substitution of "other foreign country" for the words "the third country" where used. With reference to the omission of the frontier clause, we have advised the Department of Trade and Commerce that our view is that we need not press for its inclusion but cannot object to including it if the Mexicans wish to have it in. It is likely that some change will be made in Article III. We have suggested the use in its place of Article III in our Agreement with Brazil,[47] but this question is still under consideration.

The Mexican draft treaty of a shipping agreement is at present under discussion, and it may be some time before we are ready with our reply to the Mexican Government. The only comments so far received are to the effect that Article I, binding the Government of Canada to the establishment of a shipping service, would not be acceptable.

I shall send you further information on our progress as it becomes available.

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[46]La note suivante était écrite sur cette copie du document
The following note was written on this copy of the document:
This is not a caveat against the draft agreement of which I approve. N. A. R[obertson].

[47]Canada, *Recueil des traités*, 1941, N° 18.
Canada, *Treaty Series*, 1941, No. 18.

I enclose a copy of a note of November 28th to the Mexican Embassy in Ottawa[†] in response to their request for lists of commodities which are or could be exchanged in trade between Canada and Mexico. The lists are, as you will note, very general, since in view of the Mexican single-column tariff we are anxious to avoid giving any suggestion that we would be prepared to make an agreement containing tariff concessions on specific products. You will note from the draft of the Canadian proposals that we aim at a simple exchange of most-favoured-nation treatment.

I have etc.

SYDNEY D. PIERCE
for the Secretary of State
for External Affairs

**1182.** DEA/5994-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Méxique*

*Secretary of State for External Affairs to Ambassador in Mexico*

DESPATCH 283 Ottawa, December 10, 1945

Sir,

I have the honour to refer to your despatch No. 337 of September 25th on the subject of the financial position of Mexico, in which you suggested that thought be given to what extent, if any, interest in Canadian loans to Latin America ought to be stimulated. Your interesting and informative despatch was referred to the Departments of Finance and Trade and Commerce and to the Bank of Canada. This reply incorporates their views with our own.

We are, in general, doubtful as to the advisability of investing and pessimistic as to the possibility of any substantial investments being forthcoming in the near future. At the moment, we feel that our best opportunities lie in the vigorous prosecution of trade possibilities to lay a foundation for later investment opportunities. These conclusions are based on the unhappy history of investment in Latin America; the political instability; the corruption of which you wrote in an earlier despatch;[†] the unfriendliness toward foreign companies, of which you have had a taste in the Mexican Tramways affair;[48] the drain on gold and foreign exchange reserves, inherent in the accumulated demand built up during the war years; and our concern that the extended periods of chronic shortage of foreign exchange that characterized earlier history will be repeated.

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[48]La nationalisation, le 4 février 1945, du Mexican Tramways Co., constitué en société au Canada en 1906, avec siège social à Toronto, mais contrôlé par des intérêts belges et américains.
Nationalization, on February 4, 1945, of the Mexican Tramways Co., incorporated in Canada in 1906 with head office in Toronto but controlled by Belgium and United States interests.

With particular regard to Government credits, we would prefer to use our credit-granting powers during the next few years to assist countries in Europe and the sterling area, and possibly the Far East, whose reconstruction need is greater than that of Latin America and with most of whom our pre-war trade has been of more importance.

As to private investments through the purchase of securities, we recognize, on the one hand, the need for the development of Latin America and the part that foreign investment could play in it. We also appreciate that by careful and intelligent selection and with the exercise of considerable patience, investments made jointly with local interests could be profitable to the investors and beneficial to Latin America. On the other hand, we find it difficult to see that Canadian investors will in the near future be inclined to assume risks in Latin America on any substantial scale. The history of investment is unfortunate and Latin American governments have not improved in honesty, stability or capability to a point where the danger of default has been removed.

As to direct private investments, i.e., the supplying of Canadian capital or equipment by Canadian enterprises, corporate or otherwise, in similar undertakings in Latin America, much of our industry that is adapted to export trade consists of branches of United States and British firms. Foreign expansion tends to be a head office matter. While it is true that branches in Canada have from time to time set up sub-branches abroad, this is the exception and is generally connected with unusual circumstances. Almost inevitably expansion is determined by the parent firms' decisions rather than the intrinsic merits of the Canadian branch as a prospective parent. Moreover, with a few well-known exceptions Canadian firms are too small to embark on direct investments except with the utmost caution. The establishment of a foreign branch involves a minimum investment irrespective of the size of the home establishment. Where a large United States firm can contemplate the possible loss of a few hundred thousand dollars with comparative complacency, the Canadian counterpart cannot. The larger Canadian firms producing unique goods developed originally to meet our special requirements are already represented, though perhaps in some instances not as well or as fully as they might be. Briefly, while there are undoubtedly opportunities along this avenue they are likewise not apt to be very extensive.

Dealing with your question as to the extent to which Canadian interest should be stimulated in investment, we think that the attitude of the Canadian Government ought to be strictly one of laissez-faire. The Government ought to provide what service it can to enable potential Canadian investors to obtain the past history of investment and all the facts relating to present conditions in order that the investors themselves would be able to judge for themselves the soundness of investment opportunities. In addition, of course, the Government

can be of service in bringing the potential Canadian investors into touch with prospective borrowers and co-investors in Latin America.

I have etc.,

N. A. ROBERTSON
for the Secretary of State
for External Affairs

**1183.** DEA/5682-40

*L'ambassadeur au Méxique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Mexico*
*to Secretary of State for External Affairs*

DESPATCH 439 Mexico City, December 11, 1945

Sir,

I have the honour to refer to your despatch No. 273 of December 1st, regarding the proposed trade agreement and shipping and navigation agreement between Canada and Mexico.

2. The Canadian draft commercial agreement[1] was submitted to Sr. Manuel Tello, Under-Secretary of Foreign Affairs on November 26th, and the amendments to Articles II, III and VI of the draft, received by telegram from the Department of Trade and Commerce on November 30th,[1] were submitted on December 6th.

3. It has been pointed out to the Mexican Foreign Ministry that the Canadian Government has most-favoured-nation trade agreements of a standard type with all the leading countries of Central and South America; that the fact that it has no similar agreement with Mexico is disadvantageous to both countries; that this situation has undoubtedly been due to the Mexican single-column tariff; and that, Mexico will receive very considerable advantages if Canada grants it most-favoured-nation treatment.

4. When indicating to the Foreign Ministry that the Canadian standard form of most-favoured-nation agreement has been accepted by the principal countries of Central and South America and that, with minor and unimportant variations, this form has always been used, we expressed the hope that the Canadian draft will prove acceptable to the Mexican Committee of representatives of five Ministries which is considering it. The fact of acceptance of our standard form by the Central and South American governments should assure the Committee that this form is satisfactory and advantageous to signatory countries.

5. We have also brought to the attention of the Foreign Ministry the fact that the Department of Trade and Commerce have established an import division which is to be used for the encouragement of imports to Canada, particularly from those countries with which, in the past, we have had an adverse balance of trade. We have indicated our pleasure in utilizing this division for the

encouragement of imports of Mexican commodities — although there is not the same necessity in the case of Mexico as there is in that of certain other countries in view of the favourable balance of trade which Mexico enjoys with Canada at the present time. As reliable Mexican statistics regarding Mexican-Canadian trade are not available, we have submitted to the Foreign Ministry the recent figures of the Dominion Bureau of Statistics which indicate a heavy balance of Mexican trade with Canada for the years 1943 and 1944.

6. The Foreign Ministry have been informed that it will require some months to prepare a draft shipping agreement. It has also been pointed out that, while Article I of the Mexican draft, binding the Government of Canada to the establishment of a shipping service, would not be acceptable, a Pacific Coast service of the Park Steamship Company, controlled by the Canadian Government, is already in operation on an experimental basis, and that the first boat, the *Victoria Park*, is en route to Mexico to establish the Vancouver-Manzanillo contact. Further, Sr. Tello has been informed that, in all probability, a similar service will be established on the Atlantic Coast, between Halifax and/or Montreal and Tampico and/or Veracruz in the early part of 1946, and that one Park vessel, the *Champlain Park*, has already arrived at Veracruz with a cargo of newsprint and other commodities.

7. It has been indicated, moreover, that any losses in connection with these shipping routes will, for the present, be borne by the Canadian Government with the result that, even prior to the conclusion of an agreement, shipping facilities are being provided for the cheaper and more rapid exchange of Mexican and Canadian commodities.

I have etc.,

H. L. KEENLEYSIDE

**1184.** DEA/5682-40

*L'ambassadeur au Mexique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Mexico*
*to Secretary of State for External Affairs*

DESPATCH 449 Mexico City, December 22, 1945

Sir:

I have the honour to invite your consideration of the following aspects of present and potential commercial relations between Canada and Mexico.

2. As you are aware this Embassy has always considered the development of commercial contacts between the two countries to be one of its most important responsibilities. We have seized every opportunity to make Canada's industrial and commercial capacities better known. We have done whatever we could to confirm and strengthen the very definite friendliness towards Canada that exists in commercial as in other circles in this country. We have assisted Canadian representatives to establish suitable contacts here and we have

placed many important Mexican organizations and individuals in direct contact with producers and manufacturers in Canada. Through the press, in public speeches and by private discussion, we have stimulated an interest in Canadian products and Canadian producers.

3. Our initial efforts along these lines have been greatly strengthened by the appointment as Trade Commissioner in Mexico, and as Commercial Counsellor of the Embassy, of one of the most senior, most experienced and most capable members of the Foreign Trade Service.

4. Having now had nearly a year in which to study the situation in Mexico, I am more firmly convinced than ever that Canadian-Mexican trade should and could be developed to something of the order of $50 million per year. I note that in a recent statement in the House of Commons, the Hon. James A. MacKinnon, Minister of Trade and Commerce forecasts a possible trade of $60 millions. We will gladly accept and work towards this objective, and with proper interest on the part of governmental and private agencies in Canada, I believe that it can be attained.

5. But it cannot be attained unless the present attitude of some Canadian agencies towards trade with Mexico, is changed and some present handicaps removed. For now, having aroused a very active interest in Canadian exports, and having succeeded through the intervention of the Hon. C. D. Howe, in arranging for the immediate establishment of commercial connections by sea in the Pacific and the early establishment of similar facilities in the Atlantic, we find that almost every important order for Canadian goods is blocked by policies or commitments which limit the freedom of Canadian suppliers, or by lack of interest in Canadian commercial circles themselves.

6. I understand the desirability of re-establishing Canadian goods in our traditional markets. I am also, of course, fully aware of the necessity of granting priority in many cases to the needs of the United Kingdom, France and other countries that have suffered in the war. I recognize the absolute responsibility upon Canada to meet the commitments that have been made to U.N.R.R.A. Insofar as our difficulties in Mexico are due to the latter causes, I have no criticism to present and only express regret that the chance to develop a new market here is being lost because of the continuance of sacrifices arising from the war.

7. But we are not satisfied that all of our impotence here is caused by the requirements of our original markets or of our new humanitarian commitments. There is, in my opinion reason to believe that among some Canadians — and this includes both commercial interests and officials of the Government — there is a tendency to think of Mexico as "being in the U.S. sphere" and consequently not worth very much Canadian effort. To those who hold these views, the first if not the only Canadian responsibility is to begin to supply again Canada's traditional markets.

8. Within limits, I share this desire to make our first surpluses available to our pre-war customers. My limits are restricted, however, by two considerations:

(a) These traditional markets will not meet Canadian export needs in the future and must be supplemented by the development of new outlets.

(b) New markets like Mexico can be developed today with a fraction of the effort that will be needed to switch them to Canadian goods later if we leave them to the Americans now.

9. It is also important to consider that a relatively small deduction from our exports to the United Kingdom, the United States and other "traditional" markets would be sufficient to get us established in Mexico. If we take advantage of present conditions here we can not only get a footing that can later be expanded but we can in some cases obtain actual contracts covering five, ten or twenty years! If we don't take advantage of these opportunities now we can whistle for the Mexican market when competition becomes stronger or a new depression hits the trading world. Expert Canadian agents here are constantly complaining to us that if they cannot get Canadian goods to meet at least part of the active demand, they will have to give up their plans for Mexican trade because the Americans will become so firmly established that it will be useless to try to dislodge them.

10. In order that my arguments may have a specific point let me refer to two particular cases: For weeks we have been endeavouring to obtain a relatively small supply of Kraft paper for the United Shoe and Leather Company of Mexico. This company is the most important manufacturer of its kind in this country and may well experience a tremendous expansion in the next few years. They have offered to buy all their paper from us for twenty years if we will sign a contract immediately. The initial amount required is very small in comparison with the total of our exports of this commodity, but here is a sure and probably an expanding market. We have received no satisfaction from our efforts to get affirmative action from Canada.

11. The Nacional Distribuidora y Reguladora is the Governmental organization through which the Mexican authorities try to keep down the price of bread and other basic commodities, for the benefit of the indigent people of this country. A short time ago, the managers of this organization indicated a definite interest in Canadian wheat and flour. They suggested that they would be prepared to sign a long-time contract. In other words, for the first time in its history, the Mexican Government has offered to commit itself to the purchase of Canadian wheat for its basic distribution — provided we can start shipping in the near future. Appeals to Canada for approval of this contract — not a large amount, initially, in comparison with our other sales abroad — have brought no response. The result is that Argentina will almost certainly get the contract. Yet only this morning, we have been informed that the Canadian authorities have released 10,000 tons of wheat for Colombia with 3,500 tons to be shipped at the beginning of February.

12. These examples could be mortifyingly extended.

13. With the greatest respect but with the strongest emphasis, I appeal to you to arrange for a complete and urgent review and revision of Canadian commercial policy towards Mexico. Here we have the most important potential

market in America — apart from the United States. It is a market that is anxious to purchase Canadian goods on sentimental as well as on practical grounds. We have in the Embassy capable and experienced officers and there are on the ground competent and active Canadian agents who can produce exceptional results if they can get real support from trade and official agencies in Canada. At present these agents are frustrated and blocked at every turn in their efforts to supply Canadian goods to Mexican purchasers. If this situation is not radically modified in the very near future, we may resign ourselves to the fact that the Americans will be so firmly established here that it will be almost impossible to introduce Canadian products to this market. Mexico is going to go through a tremendous development in the next twenty-five years. If Canada intends to take maximum advantage of this fact, it is essential that a beginning be made now. Nowhere else in America have we a similar opportunity. Without infringing on the requirements of the U.N.R.R.A., without limiting our proper aid to Great Britain, I believe that we can make sufficient allocations to Mexico to enable us to ensure a great and expanding market in this country. But we cannot achieve this end by refusing wheat to the Mexican Government at the same time that we supply it to (presumably) private traders in Colombia.

14. The future requirements of Canada cannot be met by a foreign trade confined to our traditional markets. We must obtain additional outlets. Mexico offers one of the best, if not actually the best, opportunity for such a development. The people here want to trade with Canada. But if we cannot meet at least part of their needs now, they will, of necessity become so involved in other contacts and contracts that we will not be able to obtain their patronage later. The amounts involved are at present small in relation to our total output. They can, I believe, be deducted from our other commitments without breaking faith or contracts. And if we can get established here now we will find that Mexican trade is an asset of very real value when competition increases or depression threatens.

15. I shall hope to have an opportunity for an early discussion of these matters in Ottawa. In the meantime, I shall be most grateful if you will do whatever may be possible to ensure that Mexico and its potentialities are clearly envisaged by those who decide Government policy in regard to exports, and are made more widely known to those commercially engaged in Canadian foreign trade.

I have etc.,

H. L. KEENLEYSIDE

## PARTIE 12/PART 12
## PAYS-BAS
## THE NETHERLANDS

**1185.** DEA/8039-40

*Le sous-ministre par intérim des Finances*
*au sous-secrétaire d'État aux Affaires extérieures*

*Acting Deputy Minister of Finance*
*to Under-Secretary of State for External Affairs*

Ottawa, August 14, 1945

Dear Mr. Robertson:

You will recall that in discussions with Baron Boël and M. Gutt in your office some months ago, the question was raised of Canada paying Belgium for goods and services supplied by Belgium to the Canadian Army or other Canadian forces in Europe.[49] Belgium offered to provide these services as reciprocal Mutual Aid if Canada on her side provided Belgium with Mutual Aid, but stated that if Canada did not wish to enter into a Mutual Aid agreement and provide Belgium with supplies on Mutual Aid, then Belgium would hope and expect to be paid for the supplies, services and facilities provided to the Canadian Army. It was recognized in this discussion that the Mutual Aid agreement between Belgium and the United Kingdom technically covered the supplies provided by Belgium to the Canadian forces under British command, but that notwithstanding this agreement, Canada and Belgium should themselves reach a decision on whether the supplies and services were to be treated as Mutual Aid or cash transactions. After discussion by the Mutual Aid Board it was agreed that Canada ought not by that late date undertake to provide Belgium with Mutual Aid and the Minister of Finance therefore informed M. Gutt on April 9th that Canada will "be prepared to arrange for settlement in cash for goods and services supplied to our forces by the Belgian authorities when satisfactory arrangements can be worked out by both sides with the United Kingdom, through whose agencies the Canadian forces receive these benefits from Belgium." At the same time Mr. Ilsley informed him that Canada would only be able to provide Belgium with direct military supplies as Mutual Aid and that under these circumstances thought there would be no need for a Mutual Aid Agreement.[50]

The Canadian Army authorities are at present making the necessary inquiries to implement this arrangement.

At about the same time that this decision was taken with regard to Belgium, representatives of the Netherlands Government were in Ottawa discussing the possibility of obtaining export credits[51] and in the course of conversations the

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[49]Voir le document 1107./See Document 1107.
[50]Voir le document 111./See Document 111.
[51]Voir le document 102./See Document 102.

question of settlements for Netherlands currency and for goods and services supplied to the Canadian forces by the Netherlands, was raised, I believe by the Canadian side. The Netherlands representatives were informed of the arrangement either pending or just concluded with Belgium.

The Netherlands Minister has now informed Mr. Bryce of this Department that his Government hopes that arrangements could be made under which Canada would pay the Netherlands for these supplies and services obtained by the Canadian Army from the Netherlands. This Department is inclined to feel that it would be difficult to follow a different policy in respect of Belgium and the Netherlands in this matter. Consequently, we are prepared to recommend and agree to cash payments being made by the Canadian Army to the Netherlands to cover the value or the estimated value of the supplies, services and facilities obtained by the Canadian Army from the Netherlands. We would like first, however, to have the views of your Department on this matter. The Canadian Army has up to date been proceeding on the understanding that they were able to obtain these supplies by reason of the Mutual Aid agreement between the United Kingdom and the Netherlands under which the Netherlands provided these various supplies, services and facilities to all forces under British command. It would be understood, however, that any payments to the Netherlands could only be made if and to the extent that Canada had not paid the United Kingdom under capitation rates or otherwise for the supplies, services and facilities provided by the Netherlands.

Unfortunately we do not have any final estimates as to the amounts at issue in this question. The Army authorities have given us partial figures indicating that goods and services up to a value of approximately $1,000,000 have been obtained by certain Canadian units and services but how much more there is we do not know. It may conceivably amount to quite a number of millions of dollars. Of course it should be borne in mind that the Netherlands is paying many million dollars to Canada for supplies required for relief and reconstrucion in the Netherlands, including of course military relief supplies provided by the Canadian Army authorities. Moreover, it is possible that the Netherlands will wish to buy some Canadian surplus war assets which would to some degree and perhaps completely counter-balance the payments that would be required to be made by the Army under the policy outlined above.

Yours very truly,

W. A. MACKINTOSH

**1186.** DEA/8039-40

*Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre par intérim des Finances*

*Under-Secretary of State for External Affairs to Acting Deputy Minister of Finance*

Ottawa, August 18th, 1945

Dear Dr. Mackintosh,

I refer to your letter of August 14th on the subject of the request of the Netherlands Government for the conclusion of an arrangement under which Canada would pay the Netherlands for supplies and services obtained by the Canadian Army from the Netherlands.

I agree with you that we can do no less for the Netherlands than we did for Belgium and my Department will concur in the recommendation you are prepared to make, agreeing to cash payments being made by the Canadian Army to the Netherlands to cover the value or the estimated value of the supplies, services and facilities obtained by the Canadian Army from the Netherlands, on the understanding set out in your letter that any payments to the Netherlands could only be made if and to the extent that Canada had not paid the United Kingdom under capitation rates or otherwise for the supplies, services and facilities provided by the Netherlands.

Yours sincerely,

N. A. ROBERTSON

**1187.** DEA/8039-40

*Le ministre des Finances au ministre des Pays-Bas*

*Minister of Finance to Minister of the Netherlands*

Ottawa, October 3, 1945

Dear Mr. Minister:—

I am writing in reference to the question of settlement for the supplies, services and facilities furnished to the Canadian Army in the Netherlands by the Netherlands authorities, which you discussed recently with Mr. Bryce of my Department. I understand that the Netherlands would like to receive payment from the Government of Canada for the value of these supplies, services and facilities.

I can assure you that the Canadian Government is prepared in principle to pay the Netherlands Government for supplies, services and facilities furnished by the Netherlands authorities to the Canadian Army in the Netherlands. It will be necessary in applying this principle to ensure that Canada does not pay both the Netherlands and the United Kingdom for any item of supplies, services or facilities which might have been furnished by the Netherlands originally but provided to Canada through United Kingdom channels. I should

explain, perhaps, that we have arrangements with the United Kingdom under which Canada pays specified amounts per man, per day to cover the provision of various supplies, services and facilities to the Canadian Army. Inasmuch as the Canadian Army makes use of United Kingdom lines of supply, it is possible that some of the supplies of Netherlands origin may have been included in those supplies for which we have already made payment to the United Kingdom. However, I feel sure that adjustment for any possible duplication of this kind can be made in due course.

I understand that the Canadian Army authorities are endeavouring to obtain records or estimates of the amount and values of supplies, services and facilities obtained from the Netherlands authorities. I presume that your Government will be obtaining some figures from its own source, and it will be desirable to reach agreement on the amount actually involved. I would suggest that you or your authorities in the Netherlands or London take up this matter with the Department of National Defence or such officers of the Canadian Army, or of that Department, designated for that purpose.

Yours very truly,

J. L. ILSLEY

## PARTIE 13/PART 13

## PALESTINE

**1188.** W.L.M.K./Vol. 310

*Mémorandum du sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum by Assistant Under-Secretary of State for External Affairs*

[Ottawa,] May 8, 1944

MEMORANDUM FOR DR. GIBSON[52]

You sent to Mr. Robertson, some time ago, a memorandum sent to the Prime Minister on behalf of the Canadian Palestine Committee,† following his discussion on March 31st with a delegation from this Committee and the Zionist Organization of Canada. I think it might be useful to have on the files at Laurier House the attached copy of a memorandum, prepared by Miss MacCallum in response to the Prime Minister's suggestion that notes on the subject should be prepared for use if the matter came up in London. A copy of the enclosure was taken to London by Mr. Holmes. Miss MacCallum has made a detailed study of the arguments advanced by the Canadian Palestine Committee, in the course of which she has explained the Arab point of view.

I would myself be loath to see any strong advocacy by the Canadian Government of a particular solution of the Palestine problem. No matter what

[52]J. A. Gibson, cabinet du Premier ministre.
J. A. Gibson, Office of Prime Minister.

may be done about the White Paper,[53] Palestine will remain, for a long time, a troubled area in a region of the world in which it is most unlikely that Canada will have any very direct interest.

I am retaining the brief of the Canadian Palestine Committee on the files of the Department.

H. W[RONG]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum*

*Memorandum*

SECRET [Ottawa, n.d.]

PALESTINE

POSTWAR POLICY AND THE 1939 WHITE PAPER

Of the long series of controversies which have punctuated the history of the Palestine mandate none has been more acute than the present one centering in the statement of policy issued by the United Kingdom Government in May 1939. The purpose of that statement was to put an end to political uncertainties which were recognized to be a factor contributing to unrest in the country. Since the publication of the White Paper the situation in Palestine has improved, while the position of Jews in Europe has deteriorated. Nazi persecution has taken a form and reached an extent unprecedented in history, unforeseen by the authors of the Balfour Declaration or even by those who drafted the 1939 White Paper. The changed circumstances have brought to a head demands hitherto held in abeyance for the transformation of Palestine into a Jewish National State in which immigration and development will be the responsibility of Jews only. It is maintained that anything less than this would constitute a repudiation of the spirit and obvious intent of the Balfour Declaration.

In this memorandum it is proposed to review briefly (1) the circumstances in which the 1939 White Paper was issued, (2) the provisions it embodied, (3) the manner in which it was received (a) by Zionists and Arabs and (b) in Geneva, (4) the objections which have been raised to it in Canada, and a few of the comments to which these observations give rise, (5) to outline considerations Canadian representatives may find it useful to bear in mind during conferences at which policy toward Palestine is discussed.

I. *Circumstances in which the White Paper was issued*

When Arab disturbances in Palestine assumed the proportions of guerrilla warfare in 1938 a Royal Commission was sent out which reported in 1937 an opinion that the mandate should be replaced by two treaties with independent

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[53]Voir Grande-Bretagne:/See Great Britain:
Cmd. 6019, 1939. *Palestine: Statement of Policy*, London. His Majesty's Stationery Office, 1939.

Arab and Jewish States respectively, Great Britain retaining a permanent mandate over Bethlehem, Nazareth, Jerusalem and a corridor to the sea. The Permanent Mandates Commission advised against the immediate creation of two independent states but was willing to support provisional cantonization or the establishment of two separate mandates. The partition proposal was dropped in 1938 when the Woodhead Commission reported against it on the ground that political, administrative and financial difficulties made it impracticable.

Since the Palestine disturbances were continuing and nothing had yet been done to meet the main criticisms of the Royal Commission, the United Kingdom Government fell back on an attempt to promote direct understanding between Arabs and Jews. With this end in view it convened a conference in London (February-March, 1939) but announced that if a joint policy could not be worked out within a reasonable length of time the government itself would draw up and put into effect a policy of its own.

The conference fared badly. Arabs and Jews refused to meet in joint sessions. Suggestions put forward tentatively by British officials were rejected by both groups. The United Kingdom Government was therefore obliged to draft its own plan (published two months later as the White Paper of May 1939). This was rejected by both Arab and Jewish delegations before the conference ended on March 17.

II. *Provisions of the 1939 White Paper*

Three ambiguities in the Palestine mandate were described as being a cause of unrest and hostility between Arabs and Jews. These were found in the statement of obligations relating to (a) the Jewish National Home, immigration and land settlement, (b) rights of non-Jews, and (c) self-governing institutions. In a controversy such as the mandate had aroused, the United Kingdom Government could not hope to satisfy the disputants; its purpose was to be just to two people(s) whose destinies had been affected by world events and who, since they lived side by side, must learn to practice mutual tolerance and cooperation. The new plan fell under three headings:

1. *The Constitution*

This section opened with a denial of fundamental positions taken by both Jews and Arabs:

a. The Churchill White Paper of 1922,[54] interpreting the Balfour Declaration, might be taken to imply that the United Kingdom Government did not intend to establish an independent Jewish State in Palestine. Today that position was affirmed unequivocally. The 1922 statement of what was meant by the development of the Jewish National Home was quoted once more and characterized as an authoritative and comprehensive description.

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[54]Voir Grande-Bretagne:/See Great Britain:
Cmd. 1700, 1922. *Palestine: Correspondence with the Palestine Arab Delegation and the Zionist Organization.*

b. Palestine had not been included in the area in which Sir Henry McMahon[55] undertook on behalf of the British Government to recognize and support Arab independence. Regret was expressed, however, for the misunderstandings which had arisen over some of the phrases used in the McMahon correspondence.

Having dismissed thus directly basic claims put forward by both parties to the controversy, the White Paper went on to assert that the Mandatory Power was under obligation to secure the development of self-governing institutions. It desired to see ultimately an independent Palestinian State, in which Arabs and Jews would share authority in such a way that the essential interests of both would be secured. To that end it would begin to associate Palestinians gradually with the administration until they were in charge of all departments of government — assisted by British advisers — exercising administrative and advisory functions. Arab and Jewish appointments would be made approximately according to population ratios. A ten-year period might suffice to prepare the country for self-government, but the time could be extended if necessary. Local conditions permitting, provision might be made for an elected legislature if desired. There would be safeguards for (a) holy places, (b) protection of the various communities, (c) the special position of the Jewish National Home, (d) strategic requirements of the United Kingdom Government, and (e) interests of certain foreign governments.

III. *Reception of the White Paper*

1. *Zionists and Arabs*

Zionists rejected the White Paper primarily because it condemned the Jews to a permanent minority status in Palestine, which they held to be a violation of the promise made in the Balfour Declaration. An outcry against the statement of policy was raised in Jewish communities throughout the world for this reason.

Arabs, on the contrary, rejected the White Paper precisely because it still involved recognition of the Balfour Declaration, which they had always held to be in conflict with Article 22 of the Covenant. It had been their contention that under Article 20 of the Covenant a duty was laid on the United Kingdom Government to secure its own release from the obligations it undertook in issuing the Balfour Declaration. Until this duty had been fulfilled the Arabs were disinclined to cooperate — all the more so because they held that the Balfour Declaration was in conflict also with earlier British undertakings toward themselves. They objected to the White Paper, furthermore, on the ground that at the end of the ten-year period a Jewish veto might further defer the establishment of an independent government.

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[55]Premier haut commissaire, Égypte (protectorat britannique), 1914-6; commissaire britannique auprès de la Commission internationale du Moyen-Orient (Conférence de la paix), 1919.
First High Commissioner, Egypt (British Protectorate), 1914-16; British Commissioner on Middle East International Commission (Peace Conference), 1919.

2. *At Geneva*

The Permanent Mandates Commission discussed the White Paper at its 36th session in June 1939. The document was never examined by the League Council, however, owing to the fact that the latter body did not meet again until after war had broken out.

Since inaccurate reports have been in circulation as to the findings of the Mandates Commission these might be summarized here:

The Commission stated that the White Paper was not in accord with interpretations it had placed on the mandate in the past. The Commission had, therefore, had to consider whether the mandate might be open to a different interpretation.

2. *Immigration*

Neither the mandate nor commonsense and justice required that political conditions should be ignored in framing immigration policy. Economic absorptive capacity had been laid down as a criterion in the 1922 White Paper and reaffirmed in 1931, but His Majesty's Government did not regard it as being necessarily for all time and in all circumstances the only criterion.

There were now two alternatives — either to seek to expand the Jewish National Home indefinitely by immigration, against the strongly expressed will of the Arab inhabitants, or to permit further expansion by immigration only as the Arabs acquiesced. The former policy meant rule by force and appeared contrary to the whole spirit of Article 22 of the Covenant and to specific obligations to the Arabs under the terms of the mandate. Considering the extent to which growth of the Jewish National Home had already been facilitated, His Majesty's Government had accordingly adopted the second alternative.

It would be unjust to stop immigration abruptly. Accordingly during the next five years (up to March 31, 1944) 50,000 immigrants would be admitted on regular annual quotas in addition to 25,000 refugees, making a total of 75,000 admissions. After March 31, 1944, further Jewish immigration would depend on Arab acquiescence. Illegal immigration would be checked. The total of illegal immigrants who could not be deported would be deducted from the legal quota.

3. *Land*

Powers to limit and regulate land transfers would be conferred on the High Commissioner so as to prevent the growth of a landless Arab population and a lowering of standards of living. Restrictive orders might be modified from time to time, however, as conditions improved.

Four members had concluded that the White Paper was not in conformity with the mandate. Three held that existing circumstances would justify the new policy provided the Council did not oppose it.

All members agreed that the suggestions made in 1937 for provisional cantonization or two separate mandates were still relevant and should be borne in mind at the appropriate moment.

The four members who opposed the White Paper did so chiefly for the following reasons:

a. The Mandates Commission had long recognized the equality of obligations to Arabs and Jews. The White Paper seemed now to give precedence to the former and to dispute the right of the Jews to establish a national home in Palestine against Arab wishes.

b. Since the avowed object of the White Paper was to restrict the effects of the Balfour Declaration, the new policy could hardly be represented as conforming with the mandate, in which the Balfour Declaration was embodied. One must choose between the mandate and political considerations. It was impossible to base oneself on both, although that was what the United Kingdom Government was trying to do.

c. No treaty clause or constitutional provision would afford adequate protection to a minority in a really independent country where a spirit of intolerance reigned. The Jewish National Home had been excluded from Transjordan, limited by recognition of the two-fold obligation to Arabs and Jews, and obstructed by the suspension of the criterion of economic absorptive capacity and the recent substitution of a political criterion. To place it now in an independent state with a permanent Arab majority would be to commit its destinies to the hands of a race which could not forgive its existence.

d. Provisions under the headings "immigration" and "land" infringed the positive obligations enunciated in Article 6 of the mandate.

e. The recent debate in the British Parliament had brought to light a strong opinion there that the proposed policy was contrary to the mandate. (Mr. Churchill, at that time still in opposition, had made a vigorous attack on the White Paper as a breach of faith. He maintained that obligations to Jews and Arabs were not of equal weight, that under the Balfour Declaration the main obligation was to facilitate the establishment of a Jewish National Home in Palestine, and that although it had never been intended that economic absorptive capacity should be the sole criterion in regard to immigration, it had also never been intended that responsibility for determining immigration rates should be turned over to the Arabs. Neither should it be given to the Jews. It should be kept in the hands of the Mandatory Power. The vote in Lords and Commons cut across party lines. In the House of Lords there was no division; in Commons the vote went 268 for the White Paper to 179 against.)

Considerations which moved three members of the Mandates Commission to support the White Paper included the following:

a. It was essential for the Mandates Commission to take political conditions into consideration as well as the terms of the mandate. If it did not consider the political consequences of recommendations it made to the Council — consequences for Palestine, for the Middle East and for the general world situation — it might help to bring about the destruction of the Jewish National Home.

b. It was only necessary to read the annual reports for Palestine or the memoranda of the Jewish Agency to see that the Jewish National Home was

now established. The next essential thing was to ensure its maintenance and protection, and that depended on the re-establishment of order in Palestine to a point where continuous use of force was no longer necessary. To fix population ratios was probably the best way to do this. Lord Samuel had suggested a 40% ratio, but one-third had been set instead. At worst the Arabs would probably agree to sufficient immigration to keep the Jewish population up to that ratio.

c. In 1922 the Mandatory Power had chosen from among various possible methods of implementing Article 6 of the mandate that of getting on as rapidly as possible with Jewish immigration, subject to the limit of economic absorptive capacity. The Royal Commission had reported in 1937, however, that the rapidity with which the whole structure had been built up had intensified the difficulties inherent in the situation. Article 6 was fundamental, but it provided that immigration should be facilitated "under suitable conditions". Thus it would be open to the Mandatory Power to cut off immigration altogether if this were necessary as a last resort to save the Jewish National Home. But a less drastic alternative had been presented in the 1939 White Paper.

d. It was essential to know whether the proposed Palestinian State was to be unitary or federal. (At the London Conference, British spokesmen had explained that either form might be chosen.) If it were to be federal, the fear that the Jewish National Home would be put under subjection to the Arabs could be disregarded. That arrangement would come fairly close to the partition solution. Without further information on this point it would be impossible to say offhand that the Jewish National Home was threatened by the White Paper.

e. The Balfour Declaration had been a compromise formula to satisfy both those who hoped for the ultimate establishment of a Jewish national State and those who opposed it. Its reference to Arab rights was part of the compromise and was meant neither in a narrow nor a local sense.

3. *The White Paper goes into effect*

On February 28, 1949 [*sic*—1939], provisions of the White Paper relating to restriction and regulation of land purchase went into effect. In some areas transfers have since been prohibited. In others they have merely been limited. In still other areas they continue to be freely arranged.

There has been no change in regard to immigration. Because of the difficulty refugees have experienced in escaping from Nazi dominated territory, only 60% of the full quota of 75,000 legal immigrants had been admitted to Palestine by December 1943. It was accordingly announced that until the full total had arrived the principle of Arab consent would not be invoked.

IV. *Reactions in Canada*

Acting on a cabled request from Zionist headquarters in London, the President of the Zionist Organization of Canada protested to the Canadian Government in May 1939 against a policy which would limit Jews forever to one-third of the population of Palestine, close parts of the country to Jewish

settlement altogether and give the territory independence, which meant the establishment of an Arab government. Jews would be compelled to do everything to prevent such a nullification of the Balfour Declaration and of the mandate.

Agitation against the White Paper continued. During its convention in January 1941, the Zionist Organization of Canada appealed to the United Kingdom Government to implement the Balfour Declaration and to permit unrestricted purchase of land by Jews so as to facilitate an unrestricted Jewish immigration. It laid on its members the duty of working for (a) equal individual and group rights for Jews in all countries, and (b) the establishment of Palestine as a Jewish Commonwealth within the British Commonwealth, so that it would be in a position speedily to absorb masses of distressed European and other Jews. A further resolution characterized as illusory all proposals for large-scale Jewish colonization elsewhere than in Palestine, since only in that country could the aim of national independence be entertained.

As the time approached when immigration rates were to be determined in consultation with Arab representatives, appeals for withdrawal of the White Paper began to reach the Canadian Government from Jewish groups, ministerial associations, youth groups and women's organizations. Two appeals falling outside these categories were those received from the League of Nations Society in Canada — which like the National Council of Women and the Federated Women's Institutes had been approached by an affiliated Jewish organization — and from the Canadian Palestine Committee.

The latter organization presented to the Prime Minister an oral brief which merits analysis both because of the care with which it was drawn up and because the membership of the Canadian Palestine Committee embraces men and women occupying responsible positions in the business and financial world, legislators, judges, lawyers, university professors, teachers, journalists and civil and provincial officials. (Christian ministers have been separately enrolled in the Canadian Christian Council on Palestine.) The brief represents statements these persons have become willing to sponsor as the result of direct or indirect suggestions from Canadian or visiting Zionists:

1. Canada's responsibility — Canada has a responsibility in regard to the White Paper because this country is "one of the 52 nations signatory to the measure by which the mandate was conferred" on the United Kingdom Government.

This statement, widely quoted, conflicts with the record. The mandates were not allocated in a manner conforming to the spirit of Article 22 of the Covenant, and precautions were taken by the League Council to prevent the Assembly — the "52 nations" mentioned in the brief — from discussing officially the terms of the mandates, whose acceptance the Council kept in its own hands. Canada was not represented on the Council at the time. In December 1920 the Rt. Hon. Charles J. Doherty protested most vigorously at Geneva against (a) the non-consultation of the League in allocating the mandates, and (b) the refusal of the Council to permit the Sixth Committee of the Assembly to examine the mandates officially. Mr. Doherty asked that

revision of the Covenant should be considered to prevent any repetition of these violations of the intention of Article 22.

So far as the Palestine mandate was concerned, its history was this: Successive drafts were prepared by British and American Zionists and submitted to the Colonial Office. The latter sent to Geneva for the Council's approval a final draft whose essential provisions followed Zionist demands fairly closely, but not in every respect. The Council gave its approval on July 22, 1922. The Assembly was not consulted. Neither were the Arabs. The Canadian Government had nothing to do with the matter.

Sir George Perley, it is true, acting on behalf of Canada in 1920, had signed the Treaty of Sèvres in which the Balfour Declaration was embodied. In connection with the Chanak incident in September 1922, however, Mr. King explained to Mr. Meighen that Canada was not bound in any way by the Treaty of Sèvres, inasmuch as the latter had been repudiated by Turkey and had not been ratified by either the United Kingdom Government of [or] that of Canada.

Any interest Canada may have in the White Paper derives, therefore, from its membership in the United Nations and the responsibility it will share for establishing a just and durable peace.

2. Meaning of the Balfour Declaration —

The brief goes on to say that the Balfour Declaration was issued by the British as prospective conquerors of the Ottoman Empire. The Arabs may have expected a sovereign Arab State based on majority occupancy, but their claims were subordinated by the British conquering power. Lloyd George, Balfour, Wilson and certain other statesmen of the time interpreted the declaration as a first step toward setting up a Jewish Commonwealth in Palestine, implying ultimate conferment of Jewish citizenship in sovereign right.

Balfour, it is true, regarded the principle of trusteeship embodied in Article 22 of the League Covenant as a self-imposed limitation, whose degree was not open to question by any other government. That, however, was not the sense in which the mandate system was generally understood. The position taken at Geneva by Mr. Doherty in 1920 is sufficient evidence that the Canadian Government cannot accept as freely as the Canadian Palestine Committee appears to have done a definition of the British position which is not supported by the League Covenant.

It should also be recalled at this point that the vagueness of the Balfour Declaration, and even of the mandate and the 1922 White Paper, was due to the fact that not everyone shared the views of Lloyd George, Balfour, Wilson and Smuts. These three documents had to be phrased so as to give some satisfaction to political Zionists and their supporters on the one hand and on the other hand to meet the vigorous objections of distinguished British Jews and others who opposed the creation of an independent Jewish State. This being the case, all that the three documents can be said to have done was to initiate a new process. They left to the future, however, the difficult decision as to how far that process was to be permitted to go. It is perfectly true that the

statesmen mentioned in the brief wished an independent Jewish State to grow out of the colonization encouraged under the Balfour Declaration. It is equally true that they were unable to promise such a result, owing to the strength of the Jewish and non-Jewish opposition they encountered. They therefore consented to the inclusion of limitations guaranteeing the position of Palestinian Arabs and of non-Zionist Jews in the Diaspora, which are quite as much a part of the Balfour Declaration as the promise to facilitate the establishment of a Jewish National Home and cannot be ignored now that the time has come to make the clear decision which could not be taken in 1922.

3. The escape from minority status —

The brief asserts that the Balfour Declaration was regarded as an effort to right a great wrong which for centuries had been suffered by the Jewish people — an ordeal of perpetual minority status in every country where they were permitted to live. The White Paper is a betrayal of this purpose, it says, because it would place the Jews of Palestine in the very position from which the Balfour Declaration was to have delivered them.

The designation of minority status as a "wrong" suffered by the Jewish people seems to be based on the popular illusion that the Jewish dispersion was forced. On the contrary it was voluntary. Only a fraction of the Jews remained in Palestine at the time of the Roman conquest in Titus' reign. Attracted to Alexandria and other parts of the Mediterranean world more prosperous than their own, they had already established themselves in many other regions, from which they later spread out through Europe. The real wrong they had to endure was not minority status but the restrictions and persecution imposed on them in the middle ages, continuing in modified form in later times and culminating in the unparalleled atrocities of our own day.

It is important to draw this distinction between persecution and minority status, since the Balfour Declaration itself — as already seen — makes reservations on behalf of those Jews who prefer minority status in the Disapora to the prospect of majority status in Palestine. Most Canadian Jews fall in this class.

4. Appeasement —

The White Paper is described as an offspring of the prewar policy of appeasement, now fully discredited.

Since this charge is constantly heard it is perhaps not irrelevant to recall that in 1939 Zionist leaders began to talk in veiled or direct terms of resorting to violence to prevent the White Paper from going into effect. They were willing to fight in order to win the majority status which Arabs had already been fighting to keep. The secret arming of Jews in Palestine is held to be not unconnected with the threats heard in 1939.

For the Mandatory Power there is apparently no escape from the charge of "appeasement", which will be heard no matter what it may do. To satisfy any Arab demand whatsoever will be to "yield to a truculent people who have resorted to arms." To grant any Zionist request, on the contrary, will be "to appease a worldwide clamour, insistently brought to the attention of every

western nation by its Jewish citizens." The Balfour Declaration itself has been compared to the Munich agreement in one sense. Without consulting those in possession of the region concerned, the representatives of a number of nations arranged in both cases for the transfer of a territory at the demand of an ambitious people who were able to put forward a claim of historic association. There the resemblance ends. It is important, however, to distinguish clearly between "appeasement" of an expansionist power like Germany and any measures which may be taken to give Arabs the right to govern themselves in their own homeland or to allow political Zionists a chance to experiment with an independent Jewish State as an aid to solving the Jewish problem.

5. Canada, Palestine and the refugee problem —

The brief mentions Canada's need for a larger population, the contribution which wartime refugees have already made to Canadian life, and the expectation that Canada after the war will continue to help in the solution of the refugee problem. It mentions, also, the attraction Canada will undoubtedly have for many European refugees and remarks in this connection that they will want to come here at the very time when Canada must cope with the rehabilitation of almost a million demobilized service men and women.

This is not the first time it has been suggested to Canadians that it would be to their advantage to support unrestricted immigration into Palestine in order to reduce the number of applicants for admission to this country. When Bernard Rosenblatt was touring western Canada in 1945 on behalf of the Zionist Organization, speaking to Canadian Clubs and contacting well-known citizens, many of whom were later to become members of the Canadian Palestine Committee, this was his main approach. He asked whether it was not the duty of those who insisted on restricting immigration into their own countries to insist also that in Palestine — the one place where Jews had a claim on the trustee — the obligation to facilitate immigration should be carried out to the fullest extent. He found his hearers remarkably responsive.

Non-Zionist Jews, who though unorganized in Canada still form a large part of the Jewish population of this country, consider such an approach to be treacherous both toward European Jews and toward themselves — an extreme example of the lengths to which Zionist leaders are willing to go to establish quickly the desired numerical majority in Palestine even if it should increase the sufferings of those who have survived the terror in Europe. Adoption of the policy proposed by Mr. Rosenblatt and hinted at by the Canadian Palestine Committee is strongly opposed by non-Zionist Canadian Jews because it would result in discrimination between Jewish and non-Jewish refugees wishing to enter this country, which in turn would adversely affect the status of the Jewish citizens of Canada, reducing them to the "second class" status so widely dreaded.

6. Most of the remainder of the brief is devoted to Mr. Emmanuel Neumann's statement before the Foreign Affairs Committee of the House of Representa-

tives in Washington,[56] and to expressions of opinion in Canada and the United States favouring the views put forward in the brief.

Mr. Neumann's statement illustrates the extent to which the selective principle is adhered to in historical summaries sponsored by the Zionist Organization of America. It is most unfortunate that a case as urgent and just as that of the political Zionists should be made to depend so frequently on assertions no reputable historian would regard as adequate. It is true that there is little knowledge on this continent of what has actually happened in the Near and Middle East in the past 50 years, and that it is consequently easy to manipulate the record so as to encourage the view that Arab claims in the present controversy may be dismissed as all but irrelevant. It is obvious, however, to any who have followed developments attentively that a just decision would have been much easier to arrive at today had the literature of the controversy been less imaginative.

V. *Considerations which must affect the Canadian position*

Insofar as Canada is recognized as a leader among smaller powers it will be expected to watch with sympathy — and to aid when it can properly do so — the efforts to achieve nationhood and political independence of such peoples as the Arabs and the Jews, who have been grievously oppressed for centuries and who now see in statehood and association with other nations the surest escape for their children from the tragic frustrations of the past.

As a nation which is regarded, on the other hand, as having dealt successfully with a difficult minority problem, Canada may also be expected to speak in defence of Jews who wish to continue making their homes in the European lands with which their families have been associated for a thousand years or more, or in lands of the new world which they have helped their compatriots to establish and develop.

Several considerations make it difficult for Canada to fulfil all three of these expectations.

1. The conflict between Zionist and Arab aspirations on the one hand and between the interests of Zionist and non-Zionist Jews on the other makes it necessary to weigh carefully any proposed action on behalf of one of the three groups lest it result in unfair injury to another. Just decisions would be difficult enough to reach even with full knowlege of the situation. They become almost impossible, however, especially for the average responsible citizen, when only one of the three groups is organized and equipped to carry on an active propaganda in Canada, and when newspapers, radio broadcasts and public lectures serve to disseminate the views of that group almost without exception.

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[56]États-Unis/United States,
*The Jewish National Home in Palestine: Hearing before the Committee on Foreign Affairs, House of Representatives, Seventy-eighth Congress, Second Session, on H. Res. 418 and H. Res. 419, Resolutions relating to the Jewish National Home in Palestine*. Washington, Government Printing Office, 1944.

2. The conflict of interest between the three groups, although dismissed as fictitious or nearly fictitious in much of the literature current in Canada today, affects vitally the future well-being not only of Arabs and of Zionist and non-Zionist Jews, but also the stability of postwar arrangements as a whole.

(a) If political Zionists should be denied the right to establish an independent Jewish State, their chief aim would be frustrated. They cannot be content with halfway measures except as a matter of temporary expediency. It is essential to the fulfilment of their purpose that there should exist a Jewish government at the head of a Jewish nation, sending its official representatives to the world's capitals, watchful of the interests of Jews everywhere, and able to speak in international councils with an authoritiative voice on all questions of interest to civilized humanity and to make effective protests whenever any nation adopts oppressive policies toward its Jewish minority. Moreover, only an independent Jewish State can be counted on in future to offer a free haven of refuge in cases where international pressure may prove insufficient to put a stop to persecution. Nothing short of such a haven will give Jews the protection history has shown they need from the barbarity of European governments.

The minority status offered under the White Paper, though it guarantees an established position and a share in the government of Palestine, and though it gives some satisfaction to cultural Zionism, defeats the main purpose of political Zionism, the urgency of which nothing could illustrate more tragically than Nazi persecutions.

(b) Non-Zionists also are bitter over the proposal to regulate Jewish immigration into Palestine in accordance with Arab wishes at a time like the present, when it is possible at any moment that there may develop a most urgent demand for accommodation of refugees from Europe. They are also opposed, however, to the demand for transforming Palestine into an independent Jewish State. The eagerness with which Poles, Rumanians and Bulgarians are inclined to support this demand and — on a different level — the interest shown in it by Canadians who consciously or unconsciously discriminate against Jews socially, professionally or economically, gives substance to the fear that anti-Semitism is preparing to clothe itself in the respectable garb of a philanthropic policy, that in western democracies there will result the discrimination against which Jews have had to fight so long and hard a battle, and that in central and southeastern Europe all real security for Jews will become impossible.

Furthermore, non-Zionists maintain that no matter how clear a distinction is drawn legally between Palestinian citizenship and the allegiance Jews outside Palestine owe to the governments under whose jurisdiction they live, in practice there would develop an irredentist frame of mind as a result of the establishment of an independent Jewish State. There would be a tendency for Palestinian diplomatic representatives to be regarded — particularly in Eastern Europe — as observers of the treatment accorded to Jewish minorities in the various countries to which they were accredited. In all countries a new barrier would be raised between Jewish minorities and their fellow-citizens, setting them apart — in the western hemisphere particularly — from all other

minorities. Other minority groups are present in the Americas as a result of centrifugal forces operative in Europe in recent centuries; the Jewish minority, however, is affected by a centripetal force. The former, because their desire to remain is not questioned, would enjoy a more secure position than the latter, the permanence of whose allegiance to the countries of their adoption would be constantly in question. The safeguarding clause with which the Balfour Declaration closes might perforce come to represent only an expression of pious intention.

(c) When the Principal Allied Powers decided at the close of the first World War to partition Arab territories detached from the Ottoman Empire, the inhabitants were forced to relinquish for the foreseeable future their hope of establishing a viable state in the Fertile Crescent between the Mediterranean and the Persian Gulf. Hussein,[57] as representative of the Arab nationalist movement, withdrew from association with the victorious powers and gave up the advantages of League membership on behalf of the Hadjaz rather than agree to the dismemberment of the Arab patrimony and the imposition on it of mandates in the drafting of which the Arabs were to have no part.

As time passed and the most advanced regions were denied the democratic rights repeatedly promised during the war and at its close and ostensibly guaranteed under the Covenant, a cynical attitude toward the professions of Mandatory Powers and of League members took possession of the whole region.

The first ray of hope came with the unexpected decision of the United Kingdom in 1929 to withdraw from Iraq, which was carried out in 1932. Further possibilities seemed to open up with the negotiation of the French treaties with the Levant States in 1938 and the conclusion of an Anglo-Egyptian treaty in the same year under the stress of the Italian threat to the balance of power in the Mediterranean. These were interpreted as a belated but welcome acknowledgement of the right of Arabs to democratic self-government.

When the French Parliament failed to ratify the draft treaties with the Levant States, and when in 1939 — in violation of Article 2 of the Syrian mandate — the port of Alexandretta and its hinterland were ceded to Turkey, the Arabs were forced back on the earlier conclusion that their reliance on the democratic powers of the west was not after all likely to expedite the realization of independence.

Although since that time the United Kingdom Government has used its influence to win for Syria and the Lebanon at least temporary recognition as independent States, there is no guarantee that liberated France will withdraw from the Levant, and the Arabs fear that it will not do so as long as the United Kingdom Government claims special interests in the Middle East. With Alexandretta already lost, and the possibility that France may not withdraw from the Alawite region or from Greater Lebanon, and the further possibility

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[57] Husayn Ibn'Ali, sharif de La Mecque, 1908-24; se proclama roi du Hedjaz, 1916.
Ibn'Ali Hussein, Sherif of Mecca, 1908-24; proclaimed himself King of Hejaz, 1916.

that a Jewish national state may control the coast of Palestine, the Arabs regard it still as a distinct possibility that they may be allowed to exercise an independent control only over territories facing on the Persian Gulf and the Red Sea, while their outlets on the far more important Mediterranean may be controlled by others. Meanwhile the artificial divisions already imposed by the Allies have created vested interests which will make it difficult to unite the region even were the French to withdraw.

If now the United Nations decide to establish an independent Jewish State, into which millions of refugees may pour from Europe, the Arabs believe a wedge will be driven between the component parts of the State or federation they themselves are trying to establish before the latter has had time to take shape, particularly if the French should be slow in leaving. Owing to the superior economic strength of the Jews, and the political power their contacts with western governments give them, and because of the drive imparted to Zionist ambitions by the pressure of persecution in Europe over and above the vigour they possessed prior to 1933, the Arabs fear that Jewish domination may not stop short at the boundaries of any State which may be carved out in response to Jewish demands. The whole of the Fertile Crescent, they believe, may be permeated by Jewish influence, or affected by an incessant struggle to keep Jewish influence out in order that an essentially Arab civilization may rise again in the regions where the Turks held sway for so long.

Arabs regard it as a matter of essential justice that Europe itself should make reparation to the Jews for the sufferings it has inflicted on them. If the establishment of an independent Jewish State is regarded as the best permanent solution of the Jewish problem, the logical thing to do, they hold, is to force Germany to alienate territory for the purpose. If the United Nations hesitate to do this on the ground that it would cause resentment and lead to future wars, precisely the same objection stands in the way of forcing the Arabs to alienate part of their patrimony — and in the latter case resentment would be increased by the knowledge that it was not the Arabs who had been responsible for the existence of a Jewish problem in Europe. If, on the contrary, Germany were merely asked to place a large fund at the disposal of the Jews, much of it to be used for the expansion of the Jewish National Home in Palestine, this again would mean that Arabs were being required to help pay for crimes they had not committed.

A fundamental element in the Arab position is the belief that Asia is not the property of westerners, to be parcelled out among European interests as was done at the close of the last war. Respect for this principle was implicit in the League Covenant but did not mark the decisions of the Supreme Allied Council. It is implicit also in the Atlantic Charter, but the Arabs are no surer of its application than Zionists are of receiving the independent State they demand, or than non-Zionists are of having their elementary human rights protected.

The partition proposal, which has been revived as a possible alternative to the policy of the 1939 White Paper, will not satisfy many groups in the Zionist movement which are already mobilizing against it on the ground that the

territory offered is utterly inadequate for the purpose it must fulfil. Neither will the proposal be acceptable to the Arabs, since it will serve to drive the Jewish wedge more firmly than ever into a strategically important part of the Arab heritage. Similarly, it will not remove the dangers threatening non-Zionist Jews. If the partition proposal is adopted, however, there is a possibility that in conjunction with a more liberal immigration policy in Canada and the United States, the opening up of opportunities for Jews in the Soviet Union, and the provision of special facilities for the rehabilitation of Jews in Europe, the compromise may prove successful. It is not likely to do so, however, unless all possible means are utilized to reduce the population pressure on Palestine and thus relax the increasing tensions of which the discussions centering in the White Paper are an outward symptom.

## PARTIE 14/PART 14
## POLOGNE
## POLAND

**1189.** DEA/58s

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 112 London, January 19, 1945

SECRET. My telegram Circular D. 1816 of December 16th.[1]

*Poland*

Following guidance regarding our policy towards the Lublin "Provisional Government" has been addressed by Foreign Office to interested diplomatic missions abroad, Begins:

"It is probable that, as a result of recent developments in the Polish situation and of the fact that the Lublin 'Provisional Government' has, I understand, addressed a circular to diplomatic representatives in Moscow, you may receive enquiries from the Government to which you are accredited and other persons as to the attitude of His Majesty's Government towards the so-called 'Provisional Government of Poland'.

2. In replying to such enquiries, you should make it clear that His Majesty's Government has no intention in present circumstances of either recognising the administration set up a Lublin as a Provisional Government of Poland or of recognising a representative from Lublin in any official capacity in London."

**1190.** DEA/58s

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 156 London, January 26, 1945

TOP SECRET. My telegram of 19th January, Circular D. 112.

*Poland*

As indicated in that telegram, considerable efforts are being made by Lublin "Provisional Government" to secure recognition, and we trust that we may have support of other British Commonwealth Governments in maintaining, in present circumstances, attitude which we and United States Government have adopted of not according such recognition. We hope, therefore, that Dominion Governments will, in any approaches that they may receive from Lublin authorities, be prepared to take similar line to that indicated in my telegram under reference and will keep us informed. We shall, of course, continue to keep you fully informed of any developments.

**1191.** DEA/58s

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 21 Ottawa, January 27, 1945

TOP SECRET. Your telegram D-156 of January 26th, Poland.

We are instructing Canadian Ambassadors in Moscow and Paris to report at once any approach which they might receive on behalf of Lublin "Provisional Government" and to adopt attitude in case of enquiries similar to that set forth in your telegram D-112 of January 12th. Other Canadian diplomatic missions seem unlikely to be approached. We shall inform you of any overtures of this sort.

**1192.** DEA/58-Fs

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 348 London, February 26, 1945

TOP SECRET. My telegram of February 21st, Circular D. 320.[1] Following for the Prime Minister, Begins: General Anders[58] has informed us that he is much concerned as to future position of his troops, in the light of decisions of Crimea Conference, relating to Poland. He pointed out that he and they have sworn allegiance to Polish Government in London who might refuse to release them from their oath. Situation might, therefore, arise in future in which Polish forces who have fought under our command or elements of these forces might be unwilling or might indeed not be permitted to return to Poland. He asked what re-assurances could be given them as to their future. This was important if their morale was to be maintained.

2. We have been considering what could be done to meet his difficulties. The Poles can, of course, be assured that they will have a part in occupation of Germany in the British zone, and this should safeguard their position for a period of some years. It is, however, necessary to envisage the possibility that such an assurance will not wholly satisfy them. Poles may feel that possibility of difficulties arising later cannot be wholly excluded, and some assurance of a more permanent character may, therefore, prove to be necessary.

3. One possibility which has been suggested is that we might give an undertaking that any of the Polish troops who have fought on our side in western Europe or any elements of them who might be unwilling or might find it impossible eventually to return to Poland under the new conditions, should be enabled to become British subjects and thus to receive treatment accorded to members of the United Kingdom forces who have rendered equal service. There is some precedent for this in the provision made in Section 4 of the British Nationality and Status of Aliens Act 1943 as to special naturalisation of French nationals who have served in His Majesty's forces, though the position in the two cases is, of course, not identical. Any such course, if it were decided upon, would involve amendment of Nationality Law and would, accordingly, require general agreement of all British Commonwealth Governments. It is not possible to give an estimate of number of persons who might be affected by any such arrangement, but Polish Ambassador informed us not long ago that total number of Polish citizens of all kinds who might be unwilling or unable to return to Poland was approxiately 60,000 and number might in fact prove to be of the nature of 100,000.

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[58]Lieutenant général Wladyslaw Anders, commandant en chef, forces combattantes polonaises.
Lt. Gen. Wladyslaw Anders, Commander-in-Chief, Polish Fighting Forces.

4. We should be grateful for general views of Dominion Governments on this question. It will be appreciated that no definite decision is at present required, since whole matter is still under consideration. It would, however, be very helpful if we could know how the idea mentioned above strikes you. Ends.

**1193.** DEA/58-Fs

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 69 Ottawa, March 20, 1945

TOP SECRET

1. Your telegram circular D. 348, February 26, 1945, concerning naturalization of members of Polish armed forces.

2. The Canadian Government would have no objection to any action which might be taken by the United Kingdom Government or Parliament with a view to naturalizing the members of the Polish armed forces along the lines suggested in paragraph 3 of your telegram. In the event of action being taken, legislative measures would be prepared to the extent that it might be necessary to provide for recognition of the position of such persons as British subjects in the event that they were at any time in Canada.

3. It will, of course, be understood that the recognition thus accorded in Canada would not go beyond that which is accorded to British subjects. In other words, they would not by naturalization under an amended United Kingdom statute become Canadian citizens or Canadian nationals. Any question of settlement within this country would depend upon compliance with the Immigration Act and Regulations.

4. I assume no further publicity will be given to the possibility of action being taken on the lines contemplated in your telegram until after further consultation with the Commonwealth Governments concerned.

**1194.** W.L.M.K./Vol. 367

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

DESPATCH A. 246 London, June 26, 1945

Sir,

I have the honour to report that Mr. Victor Podoski, former Polish Minister in Ottawa, who is at present in the Foreign Office of the Polish Government in London, has called on me to make official representations on behalf of his

Government with regard to the possibility of our receiving in Canada some of those Poles who do not wish to return to Poland. Mr. Podoski explained to me the position of large numbers of Poles who, for political reasons, considered it unwise or undesirable to return to their country. The vast bulk of these were in the Services. Most of them were in the Polish contingent with the Canadian Army in Holland, or else with the Polish forces in Italy. In addition, however, there were some Civil Servants and members of the "intelligentsia". The great majority were agricultural workers or mechanics who had received skilled training in the Army. Practically all of them had some money: the amount varied from a few hundred pounds for those in the ranks to a thousand pounds or more for officers.

2. When I asked Mr. Podoski what numbers he was thinking of for entry into Canada he said that it would be a matter of how many Canada would be prepared to take. Those prepared to go might number up to 100,000 or 200,000. This seems a somewhat excessive estimate, particularly in view of the fact that in Dominions Office telegram D. No. 348 of 26th February you were informed that the Polish Ambassador in London had estimated to the United Kingdom authorities that the total number of Polish citizens of all kinds who might be unwilling or unable to return to Poland was approximately 60,000, but that the number might, in fact, prove to be of the nature of 100,000.

3. I did not give Mr. Podoski very much encouragement. I explained to him our primary obligations to transport our own Service-men to Canada and establish them in civilian employment. Even if the Canadian Government agreed to accept a few of these Poles as immigrants, I pointed out that it would be at least a year and a half before the first Pole would be able to cross the Atlantic. Mr. Podoski said that the matter had been discussed unofficially by some of the Polish authorities with unofficial Canadians in London, who had given them an encouraging response. It may well be that these informal comments have been given an unduly optimistic interpretation.

4. We have been informed by the United Kingdom Government of their intentions to accord citizenship to men serving in the Polish Army who do not wish to return to Poland, and in your telegram No. 69 of the 20th March to the Dominions Office you pointed out that the Canadian Government would be prepared to recognize these naturalized Poles as British subjects but not, of course, as Canadian nationals, and that the question of their settlement in Canada would depend upon compliance with the Immigration Act and regulations.

5. In view of the fact that Mr. Podoski raised this matter with me, I am reporting his conversation. The subject is one which should have been discussed with the Legation to the Allied Governments. Mr. Podoski's request has been brought to their attention, and I am sending a copy of this despatch to Mr. Dupuy.

I have etc,

VINCENT MASSEY

**1195.** DEA/58s

*Le chargé d'affaires aux gouvernements alliés*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires to Allied Governments*
*to Secretary of State for External Affairs*

TELEGRAM 143 London, June 28, 1945

IMMEDIATE. TOP SECRET. In a conversation which Starnes[59] had today with Professor Stanislaw Kot, Deputy Leader of the Peasant Party in London, Kot stated that he believes that the Polish Government in London intend to make a demarche to the Canadian Government requesting that Raczkiewicz[60], Arciszewski[61] and some 200 of their followers be given asylum in Canada. Apparently Raczkiewicz is being invited by a group of Canadians of Polish origin who are ready to place a house in the Province of Quebec at his disposal.

Kot also believes that the Polish Government in London have already sounded out the Swiss Government on a similar project, but with negative results. Should their request be turned down by the Canadian Government, he believes they will endeavour to go to Eire.

In view of the imminent withdrawal of recognition of the London Government by the United States and United Kingdom Governments, I thought you might wish to have advance knowledge of this possibility.

Kot said that this request is in no way related to the request for naturalization of members of the Polish armed forces, referred to in Dominions Office telegram Circular D. 348 of February 26th and your telegram No. 69 of March 20th in reply.

**1196.** DEA/58s

*Mémorandum du conseiller juridique au Premier ministre*

*Mémorandum from Legal Adviser to Prime Minister*

TOP SECRET [Ottawa,] June 30, 1945

I attach a copy of a note left with me yesterday by the Polish Minister. This is a statement of the position adopted consistently for some time by the Polish Government in London with respect to the recognition of the new provisional Government in Poland. It concludes with the assertion that the Polish Government in London will "hand over its authority" only to a Government formed in Poland after popular elections. This implies that they will continue

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[59]J. K. Starnes, troisième secrétaire, légation auprès des gouvernements alliés.
J. K. Starnes, Third Secretary, Legation to Allied Governments.
[60]Wladyslaw Raczkiewicz, président de la Pologne, 1939-43.
Wladyslaw Raczkiewicz, President of Poland, 1939-43.
[61]Tomasz Arciszewski, Premier ministre, gouvernement polonais à Londres, 1944-5.
Tomasz Arciszewski, Prime Minister, Polish Government in London, 1944-5.

to maintain that they are the legitimate Government of Poland for some time after recognition has been withdrawn.

It is evident that action will be taken by both the United Kingdom and the United States in the very near future to grant provisional recognition to the new Government in Warsaw. I assume that we shall desire to follow the same course immediately following their action. This will involve the despatch of some note of recognition to the Warsaw Government which we might be able to deliver through Mr. Dupuy to whatever representative of that Government is appointed in London.

We shall also have to notify the Polish Government in London of the withdrawal of our recognition, which will be a more ticklish business. Some sort of communication will have to be sent either to the Polish Minister here or to the Polish Foreign Minister in London through Mr. Dupuy. It would be only fair to Mr. Babinski to give him what warning we can of the steps which we are taking. It is unlikely that the personnel of the Polish Legation here will be acceptable, at any rate in all cases, to the Warsaw Government, and we may have to make arrangements for their withdrawal from the Legation building and the reception of a representative appointed from Warsaw.

The attached telegram from Mr. Dupuy[62] contains the only official confirmation which we have received of the reports appearing in the press that the Polish Government may ask us to grant them asylum. This telegram does not go nearly as far as some of the press reports which indicated that we might be asked to receive the Polish Government in London as a Government with the extension of some extra-territorial rights. Professor Kot limited his suggestion to the granting of asylum to a large number of individuals including the President and Prime Minister. Undoubtedly the presence in Canada of a group of emigré Poles would prove to be embarrassing, but it might be difficult to refuse admission to certain individuals on the understanding that they would refrain from all political activity.

We are asking the United Kingdom Government to keep us informed on the means whereby they intend to extend recognition to the Warsaw Government and to withdraw it from the Government in London, and also as to the date of their recognition and any information which they may have about the future of Polish diplomatic Missions abroad.

[J. E. READ]

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[62]Document 1195.

**1197.** DEA/58s

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires aux gouvernements alliés*

*Secretary of State for External Affairs to Chargé d'Affaires to Allied Governments*

TELEGRAM 59 Ottawa, June 30, 1945

TOP SECRET. Your telegrams 143 and 144.† No approach has been made by the Polish Minister concerning reception in Canada of members and supporters of Polish Government in London. There could, of course, be no question of the admission to Canada of the Polish Government as such after the withdrawal of recognition. Should you be approached with such a proposal or with a request that Canada give asylum to individual members of the Polish Government, you should confine yourself to stating that you will report the matter to Ottawa.

2. The Polish Minister yesterday left at the Department a note† containing a reasoned protest against the recognition of the new Government in Warsaw and ending with a declaration that the Polish Government in London will hand over its authority only to a Government freely formed inside Poland which corresponds to public opinion declared in free elections. A copy is being forwarded by bag.

**1198.** DEA/58s

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] July 4, 1945

It is now definitely arranged that the United States will recognize the Polish Government in Warsaw at 7:00 p.m. tomorrow evening. The United Kingdom will follow suit unless some unexpected complication arises. The attached copies of Dominions telegram D-1158 of July 4th† and Washington message WA-3505, also of today,† give the latest information on the action of these two Governments.

The question has been placed on the agenda of Council for tomorrow afternoon and, if possible, I should be glad to have your comments before Council meets.

I have just sent a telegram to the Chargé d'Affaires in Moscow to apprise him of the position and to let him know that Canadian recognition is likely to follow very shortly. A copy of this telegram is also attached.†

Both the United Kingdom and the United States Governments appear to have received requests for recognition since the new Polish Government was formed on June 28th. We have not received any such request but I think that this need not delay our own action, especially since United States and United

Kingdom recognition is based on their acceptance of the new Government as having been formed in accordance with the Crimea decisions to which we were not a party.

We need not, however, act simultaneously with the two Great Powers although I feel that we should not delay for more than a very brief period. I suggest that you should send a telegram *en clair* to the Polish Prime Minister in Warsaw on Friday morning and that a press statement should be issued here in time for publication in Friday evening newspapers. President Truman is following this course. We could communicate our recognition through the Polish Ambassador in Moscow but I am inclined to think it better not to send our notification via Soviet territory and Mr. Wilgress agrees with this view.

I attach for your consideration drafts of a telegram to Mr. Osobka-Morawski[63] and of a press statement for release in Ottawa.†

The United Kingdom Government is taking no formal action vis-à-vis the Polish Government in London to terminate their recognition on the ground that this follows automatically from their recognition of the Warsaw Government. We should, I think, tell our Charge d'Affaires to the London Government to inform the Polish Foreign Office there somewhat in advance of our public announcement and should make a similar notification to Mr. Babinski tomorrow evening or on Friday morning. There will be a number of problems to settle about the status of the Polish representatives in Canada.[64]

[HUME WRONG]

**1199.** PCO

*Extrait des conclusions du Cabinet*

*Extract from Cabinet Conclusions*

TOP SECRET [Ottawa,] July 5, 1945

. . .

RECOGNITION OF THE GOVERNMENT OF POLAND

5. THE ASSOCIATE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS explained the position regarding the recognition of the new Polish provisional government in Warsaw and the withdrawal of recognition of the London Polish government.

Announcement of immediate recognition of the provisional government was being made by the United Kingdom and the United States and it was proposed that Canada follow suit by despatch of a wire to the Prime Minister of the provisional government, granting Canadian recognition; this would be followed by an announcement to the press.

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[63]Pour le télégramme tel qu'envoyé, voir le document 1200.
For the telegram as sent, see Document 1200.

[64]Note marginale:/Marginal note:
Approved. W. L. M. K[ing] 5-7-45.

6. THE MINISTER OF NATIONAL DEFENCE referred to feeling within Canada against the Warsaw provisional government and also to the opposition of the Polish Army which had, through contact with the Canadian Army, influenced the opinion of the Canadian troops and suggested that it might be desirable, in these circumstances, to defer Canadian action.

7. MR. WRONG pointed out that delay would be likely to build up resistance to recognition and would also occasion doubt in the United States, the United Kingdom, the U.S.S.R. and Poland regarding our position and policy.

8. THE MINISTER OF JUSTICE pointed out that the recognition of Poland was in accordance with arrangements entered into at San Francisco, whereby Poland would be admitted to the United Nations when the major powers were satisfied that certain conditions had been met.

The Canadian announcement of recognition would cause less difficulty if it appeared consequential to action initiated at San Francisco.

9. THE CABINET, after further discussion, approved the granting of recognition to the Polish provisional government in Warsaw, on the understanding that announcement in Canada would follow the lines indicated by the Minister of Justice.[65]

. . .

**1200.** DEA/58s

*Le Premier ministre*
*au Premier ministre du gouvernement provisoire de l'union nationale de la Pologne*

*Prime Minister*
*to Prime Minister of Polish Provisional Government of National Unity*

TELEGRAM Ottawa, July 6, 1945

IMMEDIATE. The Government of Canada has taken note of the establishment on June 28th, 1945, of the Polish Provisional Government of National Unity and of its recognition by the Governments which took part in the Crimea Conference, among others. I am pleased to inform you that the Government of Canada, wishing to maintain its cordial relations with the people of Poland, is prepared to enter into diplomatic relations with the Polish Provisional Government of National Unity and to make arrangements for the exchange of diplomatic representatives in due course.

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[65]Un communiqué de presse fut émis le 6 juillet.
A press release was issued on July 6.

**1201.** DEA/58s

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*
*Memorandum by Associate Under-Secretary of State for External Affairs*

CONFIDENTIAL [Ottawa,] July 9, 1945

The attached note[1] was handed by Mr. Babinski to the Under-Secretary toward the conclusion of an interview at which I was present in the course of which we informed Mr. Babinski of the Government's decision to recognize the Polish Provisional Government in Warsaw. The interview took place between 12:30 and 1:30 p.m. on July 6th.

In the course of it Mr. Robertson, speaking personally, sought to secure from Mr. Babinski some recognition of the possibility that the Warsaw Government might establish itself as a really independent and democratic Polish Government. Mr. Babinski refused to admit any such possibility and declared his intention of continuing his allegiance to the Polish Government in London. He said that he felt sure that all Polish officials in Canada would pursue the same course. The discussion was inevitably a difficult one but Mr. Babinski on the whole spoke reasonably and appeared to recognize both the personal and official consequences of his position. He did not mention the question of Polish Government assets in Ottawa. He put in a plea for assistance in securing some employment for himself and for other Polish officials and also requested that General Sosnokowski,[a] who is still in Montreal, should be permitted to remain here. He was assured that we would treat Poles now in Canada with as much consideration as we could so long as they refrained from any sort of political agitation or propaganda. It was suggested to him that he might use his personal influence over other officials to dissuade them from issuing inflammatory declarations.

We read him ar extract from Washington message WA-3505 of July 4th[2] concerning the arrangements made with the Polish Ambassador in Moscow for the custody of the Polish Embassy. We did not make any request for action on his part with respect to the Polish Legation, especially since he had recognized in the course of his own observations that he would have to vacate the premises soon.

The Under-Secretary suggested to Mr. Babinski that he might refrain from presenting his final note but he insisted on doing so, saying that he was acting under instructions from his Government. He had obviously brought it with him on the assumption that he would be informed during the discussion of the withdrawal of the recognition from the London Government although no such word had been conveyed to him in advance.

H. W[RONG]

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[a]Général Kazimierz Sosnokowski, commandant en chef, forces armées polonaises, 1943-44.
General Kazimierz Sosnokowski, Commander-in-Chief, Polish Armed Forces, 1943-4.

**1202.** DEA/58s

*Télégramme du Premier ministre,*
*le gouvernement provisoire de l'union nationale de la Pologne,*
*au Premier ministre*

*Telegram from Prime Minister,*
*Polish Provisional Government of National Unity,*
*to Prime Minister*

Warsaw, July 14, 1945

I have the honor to acknowledge that the Polish Provisional Government of National Unity has received the telegram of Your Excellency informing them that the Government of Canada is to enter into diplomatic relations with the ready Polish Provisional Government of National Unity and to make arrangements for the exchange of diplomatic representatives. The Polish Provisional Government of National Unity express their conviction that the establishment of diplomatic relations between Poland and Canada will contribute to making the relations between the countries still closer and more cordial. Edward Osobka Morawski, Prime Minister.

**1203.** DEA/9396-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM 155 London, July 14, 1945

SECRET. My telegram No. 151 of July 9th[1] and your telegram No. 160 of July 6th.[2] Polish Government assets.

We understand that Gold deposited with Bank of Canada belongs to the Bank Polski, an independent company which formerly acted as Central Bank of Poland. Gold which represents bank's main asset is divided between Ottawa, London and New York. We have no definite information to show whether company was dissolved by any Act emanating from Poland, and without positive evidence we are advised that we must regard it as a legal entity under Polish law. It had a Board appointed by general meeting of shareholders. The number of the shareholders cannot be traced and surviving members of Board have been operating and controlling Bank in London. Company has been allowed to sue in courts of this country, United States of America and Switzerland.

2. A new bank of issue was created in Poland at the beginning of this year, but no doubt Polish Provisional Government will sooner or later lay claim to assets of Bank Polski. Our attitude is that until we have reached agreement with Provisional Government on certain questions we shall not release gold in London, sale or export of which we have power to control. Loans, in respect of

which previous Polish Governments have acknowledged liability to repayment, exceed £50 million representing expenditure of £120 million to support Polish armed forces and civil administration less £70 million which will be written off as Mutual Aid. Until Polish Provisional Government agree to recognize our claims, we shall, therefore, wish to negotiate with regard to all assets of Polish State in our possession.

3. It would be of great assistance to us if Canadian Government could see their way to adopt a similar attitude in regard to Polish gold in Canada.

**1204.** DEA/9396-40

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM 170 Ottawa, July 20, 1945

SECRET. Your telegram No. 155 of July 14th. Polish Government assets.

We are grateful for information regarding status of Bank Polski. Canada's claims against Poland are very small. Should the Polish Provisional Government lay claim to Polish gold in Canada we shall communicate with you before taking action.

**1205.** CH/Vol. 2090

*Le secrétaire d'État aux Affaires extérieures*
*au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs*
*to High Commissioner in Great Britain*

DESPATCH 1555 Ottawa, September 17, 1945

CONFIDENTIAL

I have the honour to refer to your despatch No. 246 of June 26th and related correspondence regarding the admission to Canada of those Poles who do not wish to return to Poland. This question has been given careful consideration with the following results.

2. It is felt to be clearly undesirable to admit, at the present time, large numbers of Poles to Canada for permanent residence. Except possibly in a very few special cases, therefore, admission as immigrants can be granted only to Polish nationals who can qualify under the Immigration Act and Regulations.

3. Certain Poles with special connection with or claims on Canada may be admitted (or allowed to remain if already in Canada) with temporary non-immigrant status. Their position will be reviewed individually at a later date when conditions have become more settled. The following categories of Polish nationals may be admitted with the above status:

(a) Some 600 Polish engineers and technicians who are already in Canada and who have made a substantial contribution to Canada's war effort. Other Polish engineers who are not now in Canada (your despatch No. 300 of July 25th)[f] cannot, of course be included in this category.

(b) Former Polish diplomatic representatives in Ottawa, members of the Legation's staff and consular officers. This group includes some 12 persons.

(c) Former Polish officials now abroad, whose immediate families or close relatives are at present residing in Canada. Under this heading, permission may be granted to General Wladyslaw Bortnowski, whose wife is at present in Montreal (your despatch No. 303 of July 27th)[f] to enter Canada with temporary non-immigrant status.

(d) Certain individuals with established connections in Canada. One of these is Mr. Victor Podoski,[67] whose wife is a Canadian and who has fair prospects of finding employment here; another is Dr. George Adamkiewicz, former Consul General of Poland in Canada (your despatch No. 291 of July 20th).[f]

4. Consideration will also be given to applications for temporary non-immigrant residence of those Polish ex-servicemen whose Polish families are now in Canada as temporary residents. It is not intended that admission of this category should be made a rule, but the presence of their families here will be considered as a contributing circumstance in their favour.

5. By present procedure applicable to members of all Allied Forces, Polish ex-Servicemen who have Canadian wives in Canada are admitted for permanent residence following discharge, if they are in good health. Admission is authorized in each case by Order-in-Council waiving existing restrictions (P.C. 695 of 21st March, 1931, as amended).[f] It is felt that it would only be fair to grant admission by the same procedure to those members of the Polish Armed Forces whose Canadian wives have joined them overseas. There are likely to be very few in this category.

6. Polish nationals who apply for temporary entry to Canada for the purpose of making brief visits, attending university, etc., may be admitted on producing satisfactory documentary evidence of readmissibility to the country from which they come.

7. The individual applications of all categories of Poles specified in paragraphs 2 to 6 above should be referred to Mr. Congdon,[68] who will transmit to Immigration here for decision. Approval of temporary entry has been given for General Bortnowski (paragraph 3(c)) and to Messrs. Podoski and Adamkiewicz (paragraph 3(d)). These three persons should be referred to Mr. Congdon for medical examination and for non-immigrant visas valid for twelve months. As Bortnowski may be in Paris, the Embassy there will also be advised relative to his case.

8. With regard to the documents acceptable for admission to Canada, the present procedure is to continue to recognize the validity of passports issued by

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[67]Ministre de Pologne, 1942-45./Minister of Poland, 1942-45.

[68]G. C. Congdon, commissaire à l'émigration européenne.
G. C. Congdon, Commissioner of European Emigration.

the former Polish Government, except in the case of diplomatic passports. The latter will be treated as ordinary passports and diplomatic visas will not be affixed to them.

9. I am sending similar instructions[†] to our other Missions abroad. The Director of Immigration requests that copies of this despatch be furnished Mr. Congdon for his guidance. Five copies of the despatch are enclosed herewith.

I have etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

## PARTIE 15/PART 15
## UNION SOVIÉTIQUE
## SOVIET UNION

**1206.** DEA/7-Hs

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 79 Moscow, March 15, 1944

Sir,

I have the honour to report that on March 13th, 1944, I had a long conversation, lasting over an hour, with Mr. Ivan Maisky, Vice-Commissar of Foreign Affairs, on whom I called pursuant to the series of calls I have to make as a result of my change in status. Whereas the other Vice-Commissars on whom I have paid such calls have appeared desirous chiefly of exchanging pleasantries and of engaging in conversation of a general character, Mr. Maisky from the outset seemed bent on a serious conversation involving an exchange of views on the problems now confronting the world. Naturally I was delighted to have this all too rare opportunity of a frank discusson with a Soviet official. I came away with the suspicion, and it is nothing more than a suspicion, that Mr. Maisky might have been put up to this by Mr. Molotov, who may possibly be desirous of knowing more about our general attitude to post-war problems. This shows the importance of Canadian diplomatic representatives, particularly those stationed at remote posts, being well briefed. I should appreciate greatly, therefore, such comments as you think should be given on certain of the points raised by Mr. Maisky and referred to in this despatch.

2. There is no Soviet official with whom it is more pleasant to discuss world affairs than Mr. Maisky. His long experience as Ambassador in London gives him a complete understanding of the western point of view. He is a very clear thinker and has a frankness of manner which makes him a delightful

conversationalist. He is free from that sarcasm and that fondness for making little digs at other countries which characterises the other Vice-Commissars, even one who is otherwise so charming as Mr. Vyshinsky.

3. Mr. Maisky opened the discussion by asking me if we were busy with the study of post-war problems. I said that we had many committees at work in Ottawa on these problems and then asked him if this was the work on which he was engaged like Mr. Litvinov.[69] He replied in the affirmative and said they had commenced to study more actively these problems and to discuss them among themselves. He then turned to the main question of the prevention of future aggression and asked me what were our views about the future world organization for accomplishing this purpose. I told him that our Government had approved most enthusiastically the principles underlying Article 4 of the Moscow Declaration on general security.[70] I then said that our policy had been enunciated very clearly in a recent speech of the Prime Minister[71] and I asked him if this speech had come to his attention. He replied in the affirmative and said, "Mr. King gave Lord Halifax a very clear answer. Poor Halifax." The last remark was said with a quiet smile.

4. Mr. Maisky then brought the discussion to the consideration of more specific points, which showed at once the clarity of his thinking, his knowlege of Canadian points of view in the past and the direction in which Soviet minds are turning respecting the future world order. He said that the League of Nations had failed for two main reasons: (1) reluctance of some countries to use force to stop aggression, and (2) the requirement of unanimity for its decisions. As regards the former he said two proposals had been made, one for an international force at the disposal of the security organization and the other for the ear-marking of certain units in each country which the security organization could call on at any time to help put down incipient aggression. He asked me which of these two proposals found most favour in Canada. Feeling very much on the defensive, I countered by stating that our Government had not yet enunciated their policy on these questions because they had been waiting for the opportunity of discussing them with the other governments concerned. As for public opinion in Canada it was still in the fluid state, some being disposed to favour an international force for putting down aggression, but many consider this to be unpractical and believe that aggression can be precluded by the collective action of all like-minded states. He then showed his knowledge of our past and present situations by asking me the very pointed question as to whether opinion in Canada would be disposed to sending abroad Canadian forces to put down aggression. I countered by replying that I thought everything would depend upon the form which the future world organization would take. I explained that we had our own isolationist movement, different to that in the United States on account of the difference in our own conditions,

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[69]Maxim Litvinov, commissaire suppléant aux Affaires étrangères de l'Union soviétique.
Maxim Litvinov, Vice-Commissar for Foreign Affairs of the Soviet Union.

[70]Voir le volume 9, document 247./See Volume 9, Document 247.

[71]Le 31 janvier 1944. Canada, Chambre des communes, *Débats*, 1944, volume I, pp. 37-44.
January 31, 1944. Canada, House of Commons, *Debates*, 1944, Volume I, pp. 36-42.

but none the less just as potentially strong if Canadian ideals or just wishes were frustrated, and that the best way in which isolationism in Canada could be countered would be to make the Canadian people realise that Canada would have an influence on world affairs and in the future security organization commensurate with our economic and political importance. I further explained that this was the reason we had viewed with concern the possibility of the four-power pattern being adopted for future international organizations. While we agreed that the high strategy of the war had to be left to a few of the leading powers, we did not wish to see this carried over into the post-war organization of international society.

5. This brought Mr. Maisky to the other point he had mentioned in connection with the League of Nations, viz. the requirement of unanimity for its decisions. He recalled how in one case concerning Spain a decision had been blocked by Albania, obviously at the instigation of Italy, in another case by Austria, and in a third case by Costa Rica. This had made a farce of the whole procedure and was the reason why they felt that those countries who had the power and would be chiefly responsible for putting down aggression should have the greatest influence. He wanted to know if I did not think that this justified the great powers being given the decisive voice in making the decisions affecting peace or war. This gave me the opportunity of outlining our policy of the functional principle in international organization. I took as my text the memorandum of instructions to the Canadian delegates attending the meeting of the Council of UNRRA,[72] which I had pretty well committed to memory. Mr. Maisky listened very attentively and appeared to be thoroughly familiar with the history of our efforts to have an important voice in the direction of UNRRA. He then asked me how this principle would apply to the general security organization. For instance, would we admit that decisions should be by majority vote. I said that I did not think our Government had yet defined their policy on a detail of this kind, but speaking personally I thought some such compromise as decision by majority vote with unanimity among the great powers would be in accord with the functional principle and would be acceptable to Canada if the other conditions of the international organization were satisfactory to Canadian opinion.

6. From this subject we turned to the question of reparations and Mr. Maisky made it plain that this was the question to which the Soviet Government attached more importance than any other relating to the terms of peace to be imposed on Germany. He said that there was a danger that after Germany had been defeated opinion in the United States, Canada and other countries far removed from the scene of destruction, would tend to leniency and that this would conflict with opinion in the Soviet Union which felt very strongly that common justice demanded the Germans should make good the destruction they had wrought on Soviet soil. Speaking with feeling he mentioned that one could understand how Stalingrad had come to be destroyed as it had been the scene of a violent battle, but it was impossible to forgive the Germans for their

[72]Volume 9, pièce jointe, document 711./Volume 9, enclosure, Document 711.

deliberate destruction of Soviet towns and villages. He instanced the damage done to the towns around Leningrad and to Poltava, which had been intact until blown up and put on fire by the Germans just before they evacuated the town. I asked Mr. Maisky if the article by Professor Varga in "War and the Working Class" (see paragraphs 3, 4 and 5 of my despatch No. 192 on November 11, 1943) represented the views of the Soviet Government on the reparations questions. A similar question had been put to other Vice-Commissars by other diplomats and they had always received the answer that opinions expressed in "War and the Working class" represented only the views of the authors and in no sense those of the Soviet Government. Mr. Maisky was much franker with me. He said that the Soviet Government had not yet decided fully its policy in regard to reparations and Professor Varga was expressing only his own views, but they were typical of what the Soviet people were thinking on this subject. I then said that the reparations problem was bound to be most difficult because it was a question of reconciling what those who had suffered considered to be just with what was a practical reparations burden for the German people to bear. He indicated that the danger was that other countries would want to be too lenient and would not understand the strength of Soviet public opinion on this subject. They must have machines to replace the factories destroyed by the Germans and they must have German workers come to repair the towns and villages they had damaged. It would be up to the German Government to decide the details as to how they are best able to comply with the Soviet demands in this respect, but the Soviet Government would certainly require that the machines and other materials and workers are provided by the German Government. He repeated the contention of Professor Varga that the Soviet socialized economy was better able to adjust itself to foreign workers coming in to repair war damage than a capitalized economy and, therefore, some of the other countries which had suffered from German occupation might not be so keen on German workers as the Soviet Union. I was on the point of asking if he agreed with Professor Varga that the economic situation of a country which had been the aggressor should not be better than that of the countries which had been the victims of aggression, but decided it would be more discreet not to put the question. It is clear from what Mr. Maisky said that the question of reparations is going to be the most difficult of post-war problems and the one that contains the greatest threat to future cooperation between the United States and other countries on the one hand and the Soviet Union on the other.

7. Mr. Maisky then linked the question of the punishment of war crimes with that of reparations as subjects on which public feeling in the Soviet Union was very strong. He spoke even more emphatically than he did in the case of reparations and mentioned that if the public demand for punishment of war criminals was not satisfied within a reasonable period of time there was a danger of the situation getting out of hand and the Soviet public might take the law into their own hands and ruthlessly punish whomever they could lay their hands on. The Soviet Government, therefore, considered that the best policy was to act quickly and to bring to justice as soon as possible those who had

been guilty of war crimes. He hoped that in this respect a feeling of leniency towards Germans guilty of war crimes would not grow up in other countries after Germany had been defeated. I asked him if the Kharkov trial had been held to show the Soviet people that the Government meant business when they talked about the punishment of war criminals and he agreed readily that this had been the chief reason for holding the trial.

8. We then got on to discussing the political situation in the United States and Mr. Maisky made no attempt to hide the anxiety of the Soviet Government lest isolationist forces should again become uppermost or lest President Roosevelt should fail to be elected for a fourth term. He asked me my opinion as to the chances of Mr. Roosevelt being re-elected. I replied evasively that I was sure he would be nominated by the Democrats but that his chances of re-election would depend upon the course of the war, particularly the success of the second front, and also upon the skill with which he would deal with the attacks on his domestic policies. I pointed out that the isolationist forces would be greatly strengthened by any failure to achieve full success in the landing on the western coast of the continent or by any profound disagreement among the major allies. Mr. Maisky agreed and concluded by expressing the hope that the Presidency of the United States would remain in the capable hands of Mr. Roosevelt. This frankness was surprising to me, but it confirms what I have heard about the close attention the Soviet leaders are giving to the forthcoming election campaign in the United States. Their interest in the chances of the re-election of President Roosevelt is a remarkable tribute to the greatness of the man, but it would be just as well if this did not become known to his political opponents.

9. When we reached this point I had been with Mr. Maisky for an hour and ten minutes, considerably longer than is usual in such cases, but he had shown no signs of flagging interest or of desire to terminate the interview. I felt, however, that courtesy required I take up no more of his time, so I took my leave of him.

I have etc.

L. D. WILGRESS

**1207.** DEA/4930-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

TELEGRAM 92 Moscow, March 28, 1944

Your despatch No. 146 of December 21st.[1]

Under no circumstances should Canadian Army authorities use lack of facilities accorded to our Military Attachés as a reason for withholding similar facilities from Soviet Military Attaché at Ottawa. Similar methods of retaliation have been tried by other countries without accomplishing object in

view, but prejudicing friendly relations. Information that might be obtained by our Military Attachés is of very minor significance compared with larger issues at stake. Soviet authorities have their own reasons for withholding facilities from Military Attachés and our representatives are not treated differently from those of other friendly countries. Soviet Military Attaché should be treated with typical Canadian hospitality as an outstanding representative of any army that has more victories over Germany to its credit than any army in history.

**1208.** DEA/4930-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs to Ambassador in Soviet Union*

TELEGRAM 62 Ottawa, March 31, 1944

Your telegram No. 92 of March 28th, facilities for Soviet Military Attaché in Ottawa.

We quite agree with your observations. Despatch No. 146 of December 21st' referred to a particular visit comparable to visit arranged for our Attachés to Soviet Tank School. It was not intended to imply that facilities are granted here on a basis of reciprocity, since this is not the case.

National Defence are puzzled by size of Soviet military representation here. They recently informed us that they had not received for several weeks any requests for facilities or information.

**1209.** DEA/7-Hs

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures au Premier ministre*

*Memorandum from Under-Secretary of State for External Affairs to Prime Minister*

[Ottawa,] April 12, 1944

The attached despatch No. 79 of March 10th [15th] from Wilgress is a most interesting account of a frank and lengthy conversation with Maisky on problems of the peace settlement.

Paragrahs 3-5 deal with the organization of world security. It is interesting to notice that Maisky was fully familiar with the contents of your speech on January 31st just as Molotov had shown himself to be in an earlier talk with Wilgress. Maisky played up in a reasonable way the necessity of according a special position and authority to the Great Powers and Wilgress held up his own end in the discussion with considerable skill.

Maisky's emphasis on the importance to the Soviet Government and people of reparations, which is dealt with in paragraph 6, shows that this question is certain to be one of the most difficult problems of the settlement. The Soviet

Government has given some indication of what they may ask in the way of reparations in kind from Germany by their demand from Finland as an armistice condition of materials valued at 600 million U.S. dollars to be delivered over a period of five years. This sum would amount to about three-quarters of Finnish exports during such a period based on pre-war figures. It looks as though the Soviet Government will attempt to place the German people for a considerable period of time in a state of economic peonage and will not only demand vast quantities of materials for reconstruction but also large German labour forces to work in Russia.

Maisky also emphasized (para.7) the strong Soviet feeling on the question of the punishment of war criminals. This is another probable source of controversy after the defeat of Germany as it is very likely that the Soviet list of German war criminals will run to many thousands.

Finally, it is interesting to note Maisky's great concern (para. 8) over the possibility of a swing to isolationism in the United States and his frank avowal of Soviet interest in the election of President Roosevelt for a fourth term.

**1210.** DEA/7-Hs

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur en Union soviétique*

*Secretary of State for External Affairs*
*to Ambassador in Soviet Union*

DESPATCH 84 Ottawa, April 21, 1944

SECRET

Sir,

I have the honour to thank you for your two interesting despatches No. 79 of March 15th and No. 101 of March 28th[1] describing your interviews with the Vice-Commissars of Foreign Affairs. The conversations were, I am sure, of value both to the Vice Commissars and yourself as they are to us. In your despatch No. 79 you suggest that some comments might be made on points raised by Mr. Maisky.

The description given in paragraph three of that despatch of your statement on post-war policy describes the situation accurately if briefly. You may be interested to learn that on April 17th the Prime Minister moved the following resolution in the House of Commons:—

"That it is expedient to introduce a measure to establish a Department of Reconstruction with authority to formulate and coordinate reconstruction plans and carry out such plans during a certain number of years following the cessation of hostilities; to provide for the employment of officers, clerks and servants necessary for the proper conduct of the department; and to provide for the proper and efficient administration of the act."

It is intended that three departments be set up which were described in the House as follows:

"(1) A department of Veterans' affairs to have charge of the rehabilitation and re-establishment of members of the armed forces, and the administration of veterans' pensions and allowances;

(2) A department of reconstruction to promote and coordinate planning for national development and postwar employment; and

(3) A department of social welfare to organize and to assist in administering activities of the federal government in the fields of health and social insurance."

In the course of his remarks in the House the Prime Minister made this explanation of this Bill:—

"As an illustration of the need for this department of government I might mention briefly two or three essential considerations. The problem of reconstructon will involve the re-employment of nearly two million Canadians now in the armed forces, the merchant navy or war industry. Employment must be productive and must contribute to a rising standard of living. The great industrial plant created for war purposes must be transformed to meet peace time demands in Canada or abroad. Markets must be found and retained for our greatly increased food production unless we are not to face an agricultural depression. Railways, highways and other capital equipment which has suffered the strain of war must be reconstituted. Civilian aviation and other new means of transport and communication must be developed. Public works and conservation and developmental projects will be required, particularly while private industries are being converted to peace time operations. New housing, both urban and rural, improvements to existing housing and community planning can contribute at once to the volume of employment and the improvement of the standard of living.

"These are merely a few of the directions in which reconstruction planning requires to be carried on. Obviously most, if not all, of these functions relate specifically to some existing department of government. A question naturally arises as to why, if that is so, the planning should not be left to each separate department? It will be, I think, obvious that if the government were to proceed in that way there would be the possibility of much duplication and there would not be the opportunity for the coordination of post-war planning which is essential. Moreover, the problem is so large and at the end of hostilities it will be so urgent, that some special agency is necessary to see that plans are made and action is being taken in all the varied fields in which action will be required if we are to achieve and maintain the full employment and full production which are essential to secure the prosperity and welfare of our people.

"The bill which will be based upon the resolution, the extent it sets forth of the method of proceeding with regard to industrial reconstruction provides for similar action to that which has been taken in the United Kingdom. As Hon. Members know, their Lord Woolton has been selected as Minister of Reconstruction. Lord Woolton has not a department of government of his own, rather he presides at meetings of his colleagues representing other departments of government. Along with the experts by whom he is surrounded, he meets

with these ministers and brings forward plans of reconstruction, obtains information from the different departments of government as to the projects that are already being proceeded with, and makes suggestions as to methods by which existing and other plans can best be furthered and developed.

"In Canada, we propose to have, in addition to a minister, a department of reconstruction, in order that there may be, so far as this country is concerned, the necessary machinery of government to effect the coordination that will have to take place, not only between the departments of government at Ottawa but also between the dominion government and the several provincial governments as well as municipalities in the provinces. The intention is to make provision for a Minister of Reconstruction, a Deputy Minister, and such staff as may be needed to carry on the work."

He later added that it was the intention that the Minister of Reconstruction should be one of the members of the present Cabinet. This would ensure that the Minister was familiar with the work of the Administration and would be in a position to confer readily with the Ministers of all Departments.

It may be assumed that the Department of Reconstruction when established will draw together and, to some extent, take over the work on this subject which has so far been done within various departments and by special committees. No doubt you are aware that there has been, during the past session and the present one, a House of Commons Committee on this subject.

The points which Mr. Maisky raised about world organization and which you described in paragraph four, go to the core of the problem. Some study of the question of an international army has been made by the Working Committee on Post-Hostilities Problems here but there has been no question so far of the government making a decision on this point. Your answer on Mr. Maisky's second query is a fair description of our position, although it perhaps might be added that Canada did in 1914 and 1939 take very definite steps to stop aggression.

The question of unanimity on decisions in an international organization is also another major problem. That, too, has been discussed by the Working Committee on Post-Hostilities Problems and the objections to unanimity have been fully realized. Whether a majority vote combined with agreement amongst the Great Powers would be a satisfactory alternative is a question that would have to be given very full consideration.

I was particularly interested in your account of Mr. Maisky's views on reparations. The Soviet Union is in a special position in this regard since it can make good use both of German goods and German labour, whereas most other countries concerned, both in Europe and outside it, may be reluctant to interfere with their own production and employment by accepting reparations in the form of goods and labour. Some study has been made of an interim report prepared by a Committee in the United Kingdom in which careful attention was given to the special interest and approach of the U.S.S.R.

I should like again to thank you for these two valuable reports and to express my concurrence with the admirable explanations you made of Canadian policy in respect to the various questions raised.

I have etc.

H. H. WRONG
for the Secretary of State
for External Affairs

**1211.** DEA/7-Hs

*Mémorandum de l'adjoint, le ministère des Affaires extérieures*
*Memorandum by Assistant, Department of External Affairs*

MOST SECRET [Ottawa, c. May, 1944]

WAR AIMS OF THE U.S.S.R.

On the basis of available information the principal aims of Soviet wartime policy can be defined as follows:

(1) Shortening of the war through major military action by the United Nations on the continent, encouragement of underground activities in the occupied territories and diplomatic pressure on the neutral states.

(2) Complete defeat of Germany and her Satellites and the adoption of measures in concert with the United Nations to keep Germany from becoming strong again. These measures would include reparations, forced labour, punishment of war-criminals, territorial adjustments and drastic administrative changes within Germany.

(3) The setting up of an organization of collective security within which the U.S.S.R. would enjoy equal status with the United Kingdom and the United States.

(4) Restoration of the 1941 Soviet borders and probably such minor frontier adjustments as would be consistent with the ethnographic claims of the constituent republics and with the strategic needs for the defence of the U.S.S.R. as a whole.

(5) Close military, political, and economic relations with the neighbouring states of the Soviet Union. These relations would be based on a series of bilateral pacts of Mutual Assistance directed against Germany and her present satellites, such as the Soviet-Czechoslovak Treaty of 1943.

(6) Encouragement of and support for broad-based representative and progressive governments in Europe. These governments would not be communist, though they would include Communist members to the extent that they enjoy support among the people of the country concerned.

I. TERRITORIAL AIMS

The realization of these war aims would entail the following changes in the pre-war map of Europe in respect to Soviet frontiers.

1. *Finland* — Petsamo, Karelia and the industrial district of Viipuri would be incorporated in the Soviet Union. The U.S.S.R. would presumably acquire a short common frontier with Norway in the North and Finland would lose her outlet to the Arctic. In December 1941, Stalin told Mr. Eden that the U.S.S.R. would require naval and military bases in Finland, and wished to conclude a Mutual Assistance pact with Finland which would guarantee Finnish independence. The demand for bases may be modified as the Soviets are now willing to let Finland keep Hango, if an armistice is concluded within a short time.

2. *Baltic States.* — The Soviet authorities consider that this question has been fully settled by the Plebiscites of 1940. The Baltic States would become Soviet territory and the Soviet Union would thus obtain the port of Riga which played an important part in Russia's commerce before the Revolution. The southern frontier of Soviet Lithuania would be extended to include a part of north-western Prussia down to the river Niemen. Koenigsberg and Tilsit would lie within this frontier.

3. *Poland* — As matters now stand, the U.S.S.R. claims the 1939 Molotoff-Ribbentrop frontier. However they have indicated their willingness to settle the frontier on the basis of the Curzon line, and to make other minor adjustments which would transfer to Poland districts with a predominantly Polish population. No compromise on this issue is likely. As far back as December 1941, Stalin informed Eden that the question of western frontiers "is the main question for us in this war." Poland would be compensated by the acquisition of the lower part of East Prussia, Danzig, and German territory as far west as the Oder.

4. *Czechoslovakia* — The U.S.S.R. would have a common frontier with Czechoslovakia. It may be noted that at no time have they claimed Carpatho-Russia, whose population is more closely linked, culturally and ethnographically, to the Ukrainians than to the Czechs and the Slovaks. This is all the more significant as there is reason to believe that the Carpatho-Russians would prefer annexation to the U.S.S.R. than to Czechoslovakia. The Russians have suggested that the Czechoslovak frontier should be extended at the expense of Hungary, and that the district of Teschen, seized by Poland in 1938, should be returned to Czechoslovakia, together with the Sudetenland.

5. *Roumania* — Restoration of the 1941 frontier, by which Bukovina and Bessarabia would be part of the U.S.S.R. As in the case of Finland, the Russians would demand military and naval bases and would be prepared to conclude a pact of Mutual Assistance. This would bring the U.S.S.R. to the mouth of the Danube and would give them control over the Roumanian Black Sea Coast. It is likely that they would favour the ultimate retention by Roumania of the Dobrudja acquired by/from Bulgaria, since an agreement to have naval bases on the Black Sea would give the U.S.S.R. some control over this territory. They have also indicated their desire to return Transylvania, in whole or in part, to Roumania.

6. *Bulgaria* — As the U.S.S.R. is not at war with Bulgaria, no territorial demands have been made. In December 1941, however, Stalin was willing to

allow Turkey to extend her European frontiers towards the Bulgarian seaport of Burgas. It is likely, however, that after the war the U.S.S.R. would be prepared to conclude a Mutual Assistance pact with Bulgaria in return for certain concessions.

7. *Turkey* — In his 1941 conversations with Eden, Stalin was prepared to sanction Turkey's enlargement at the expense of Bulgaria, and he suggested that the more important islands of the Dodecanese could be assigned to Turkey. This attitude was probably based on the expectation that Turkey would soon join in the war on Germany. As the war progressed relations between the Soviet Union and Turkey deteriorated. At the Moscow Conference the Russians expressed strong dissatisfaction with Turkish neutrality and indicated that the Soviet attitude to Turkey will be determined by Turkey's attitude to Germany. Should Turkey persist, as is most likely, in her present attitude the Soviet Union may present Turkey with a bill for the advantages which she has enjoyed as a neutral and which were purchased at the cost of devastation in other countries. The bill may include territorial adjustments in eastern Turkey (Kars, Ardahan), and economic concessions.

## II. SOVIET POLITICAL RELATIONS WITH THE EUROPEAN STATES

The Canadian Ambassador in Moscow has emphasized repeatedly that the Soviet Union will require a long period of peace and security to recuperate from the tremendous losses they have sustained in the war. Thus the need to establish a viable system of European security is of paramount importance for Soviet policy. While there is every indication that the Russians would support the principle of collective security, they have at the same time taken steps to ensure their own security in the event that a collective system fails to materialize.

The leaders of the U.S.S.R. consider that the Anglo-Soviet Alliance of 1942 is the cornerstone of European Security. This treaty would be supplemented by a series of bilateral pacts of mutual assistance with the neighbours of the U.S.S.R. which would protect Soviet western frontiers. In his conversations with Mr. Eden in 1941, Stalin suggested that the United Kingdom might wish to acquire bases in the Netherlands, Belgium and possibly France. The U.S.S.R. would have no objection to the United Kingdom acquiring these bases as well as others in Norway and Denmark, and they would wish the approaches to the Baltic Sea to be secured in some manner. Although these realistic moves appear to break up Europe into spheres of influence, the Soviet leaders probably feel that they are not necessarily inconsistent with collective security based on the functional principle. The Great Powers cannot but be specially concerned about the security of the states which lie on their borders and whose weakness is an invitation to an aggressor. On the other hand, a system of defensive alliances may well prove to be a stable foundation for a system of enduring collective security. In various criticims of the League of Nations published recently, Soviet writers have stated the view that collective security failed not through the absence of adequate machinery, but through unwillingness, due to certain political factors, to make that machinery work.

Through its actions in according a fuller measure of recognition to the French Committee of National Liberation and in establishing direct relations with Italy, the Soviet Government have signified their intention to have a major voice in European affairs, on a basis of complete equality with the United Kingdom and the United States. They can thus be counted upon to participate actively in any organization of European security which may be set up.

At the Moscow Conference and before the Russians had expressed emphatic disapproval of any plans for the post-war federation of European States. While they have offered no objection to federation in principle, they have insisted that such plans are premature since there is no way of ascertaining to what extent the various governments in exile represent public opinion in their countries. Moreover, they have felt that it would not be realistic to federate political heterogeneous states, such as democratic Czechoslovakia and feudal Hungary. They are also afraid that hostile influences, either within the federations or outside, may turn their groupings into anti-Soviet blocs.

Towards Germany the Soviet Government is certain to adopt a very drastic attitude. At the Moscow Conference, Molotov stated that they had not yet decided how far it was expedient to go in breaking up Germany. It appears, however, that Stalin favours the creation of a number of small states, with the Rhineland as a protectorate and Bavaria independent.

The Soviet attitude to the Satellites would be influenced by the practical steps which they take to shake off their Axis connection and hasten a United Nations victory. But in any case they will be compelled to return the territories they have occupied, surrender the persons designated as war criminals, who will be tried in accordance with the Moscow Declaration by the countries they have victimized; and they will have to pay reparations. Their independence, however, will be preserved but only under governments acceptable to the United Nations. Next to Germany, the harshest terms are likely to be imposed on Hungary. At the Moscow Conference, Molotov stated that "half measures in the case of Hungary would be dangerous to future peace." Territorially, Hungary will lose Transylvania, Carpatho-Russia, and probably a part of its southern frontier to Yugoslavia. Italy will probably lose the Yugoslav districts of Triesti and the Adriatic islands and will be required to pay compensation. It will be recalled that the Soviet demand for one-third of the Italian fleet was made as a first installment on the reparations to be settled later.

The Soviet attitude towards the neutral states is not clear from the available information. It is likely to be based on the part which these states have taken in the war against Germany. If the views of the Soviet economist, Eugene Varga, may be taken as reflecting the official position, it is very unlikely that the neutrals would be permitted to retain the best of both worlds. The strongest demand for reparations will probably be made on Spain, whose contribution both in soldiers and supplies to the German war effort has been large. The U.S.S.R. may also require that Turkey should contribute to the restoration and the feeding of occupied countries. A more lenient treatment will probably be reserved for Sweden and Switzerland because of their special geographic

positions, although they too will probably be required by the Soviet Government to make a contribution to the general rehabilitation of Europe.

### III. THE SOVIET POSITION IN THE MIDDLE EAST

The very little that is known about Soviet objectives in this area is based upon the statements made by Mr. Maisky when he was in Bagdad en route to Moscow in October 1943. He envisaged Soviet participation together with the United Kingdom and the United States in the Middle East Regional Council, such as was suggested by Mr. Churchill. He appeared to regret that the Americans were so well established in Persia and seemed concerned at the possibility that the economic expansion of the United States in the Middle East may lead to political complications. He appeared to favour an early and radical solution of the Palestine problem but could not see how it could be achieved.

By the Teheran Declaration the Soviet Union is pledged to maintain the "independence, sovereignty and territorial integrity of Iran" and to accord full consideration to the special economic problems created by its role in the war. There is some evidence to show that the Soviet Union intends to maintain close and friendly relations with the Shah as well as with the leftist party — the Tudeh. In the interview referred to above, Mr. Maisky indicated the desire of the Soviet Government to keep the trans-Persian supply route open after the war. Mr. Maisky added that the primary objective of Soviet policy was to prevent "disorders" in all territories adjacent to their frontiers. This, he said, was much more important than securing access to warm water ports.

There is no suggestion that the U.S.S.R. has any special interest in Afghanistan beyond the general desire of maintaining friendly relations and preventing "disorders".

During the war the Soviet press has maintained a discreet silence on the subject of India. The dissolution of the Comintern and the reorientation of the various Communist parties towards constructive support for the governments friendly to the U.S.S.R. may result in the Soviet Union lending its support to the United Kingdom in future disputes that may arise in connection with India, provided always that the Anglo-Soviet Alliance remains effective. In any case the U.S.S.R. is not likely to support the nationalism of Gandhi and Nehru who were subjected to much criticism in the Soviet press before the war.

### IV. SOVIET POLICY IN THE FAR EAST

The Soviet position is governed by the necessity of maintaining neutrality with Japan so long as the Red Army is bearing the brunt of the land fighting in Europe. This is probably the reason why the Soviet Government has not permitted supplies to China to be shipped through Soviet territory. The withdrawal from Sinkiang last year may be taken as evidence of Soviet desire to maintain friendly relations with China. In this connection it may be worth

recalling that in 1937 the U.S.S.R. offered to China a pact of Mutual Assistance directed against Japan. The pact was rejected by China because of the attitude of the Chungking Government to the Chinese Communists. The Chinese are now reported as being apprehensive about Soviet intentions in Mongolia and Manchuria.

As Japan's military position deteriorates the Soviet Government is likely to increase diplomatic pressure on Japan. The recent agreement by which Japanese concessions in Northern Sakhalin were terminated and Japanese fishing rights were curtailed is an indication of the kind of diplomatic pressure the Soviet Union is likely to exert. This may eventually touch upon the question of frontiers. It is not likely, however, that the U.S.S.R. will fight Japan or permit the establishment of Allied bases on its soil. The latter would involve the U.S.S.R. in land fighting to protect the bases and would cut the Far Eastern supply route. Moreover, as Stalin pointed out to Mr. Eden in 1941, it would be better from the Soviet point of view to act only after a Japanese attack on the U.S.S.R. Such a war would be much more popular with Soviet public opinion than if Russia took the first step. At the time, Stalin told Mr. Eden that the U.S.S.R. would be ready to fight Japan by the summer of 1942, but as is clear from subsequent events Stalin was assuming that a second front would already be in existence. The great losses suffered by the Russians since then would appear to be a compelling argument against their participation in the Far Eastern war.

It is almost certain, however, that the Soviet Union would demand a voice equal to that of each of the three Great Powers in the Pacific settlement on the grounds that its contribution to the defeat of Japan's principal ally was in itself a major factor in the collapse of a combined Axis strategy. Moreover, the presence of a strong Red Army in Siberia has immobilized something like forty first-class divisions in Manchuria, while the diplomatic pressure referred to above has deprived Japan of an easily accessible source of oil and of a portion of its food supply, and has protected the Aleutian islands from Japanese reconnaissance. The Russians could also claim that the considerable aid which they alone among the Great Powers rendered to China in the early stages of the Sino-Japanese war, especially in arms and aeroplanes, and their own border fighting against Japan in 1936 and 1939 were significant factors in prolonging Chinese resistance and in determining the Japanese to turn upon the United States before they had taken the necessary precaution of protecting their rear through the invasion of Siberia.

[LEO MALANIA]

**1212.** DEA/7-Hs

*L'ambassadeur en Union soviétique*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Under-Secretary of State for External Affairs*

DESPATCH 199 Moscow, June 20, 1944

TOP SECRET

Sir,

I have the honour to acknowledge receipt of Mr. Wrong's letter of May 9th,[1] with which he kindly sent me a copy of the notes on the war aims of the U.S.S.R., put together by the Department to be taken to London by the Prime Minister's party. Although these are not intended to be an exhaustive description of Soviet war aims, they cover the ground very completely. I have read them over with great interest and wish to offer the following comments:—

A. In section 2. Baltic States, under the general heading "Territorial Aims" I note the reference to the inclusion of the German cities of Koenigsberg and Tilsit within Soviet Lithuania. My understanding is that a suggestion to this effect was put forward by Marshall Stalin at the Teheran Conference, but I have never been able to learn how serious is the Soviet intention to absorb this purely German territory. It is easy to appreciate the desire for strategic reasons to have a frontier based on the River Niemen, but this sharing with Poland the acquisition of East Prussia so weakens the Soviet case for a frontier with Poland based on the Curzon Line that I am very surprised that they should have put forward this suggestion.

B. Under section 5. Roumania, reference is made to the probability that the Soviet Union will favour the retention by Roumania of the Dobrudja acquired from Bulgaria. This, no doubt, is a slip since in September, 1940, the Dobrudja was assigned to Bulgaria as a part of the territorial adjustments dictated by Hitler at Vienna.

C. In the second paragraph under the general heading of "The Soviet Position in the Middle East," reference is made to the Teheran Declaration pledging the maintenance of "the independence, sovereignty and territorial integrity of Iran." This declaration, however, merely reaffirmed what had already been declared when the British-Soviet forces occupied Iran in 1941.

D. Later in the same paragraph reference is made to the desire of the Soviet Government to keep the trans-Persian supply route open after the war. In this connection we must not rule out the possibility of the Soviet Union seeking harbour facilities in an Iranian port such as Mohammerah.

E. In the last part of the notes dealing with "Soviet Policy in the Far East" it is stated that the great losses suffered by the Russians would appear to be a compelling argument against their participation in the Far Eastern war. We must not overlook, however, the possibility that the Soviet Union may seize the opportunity to enter the Far Eastern war when Japan is near collapse and when

it involves no great risk. Feeling against the Japanese is strong among the people of the Soviet Union and the Soviet Government would wish to have the more decisive voice in the peace settlement with Japan such as participation in the war would give them.

In conclusion I wish to express my appreciation of the excellent summary of Soviet war aims provided by the notes reviewed in this despatch.

I have etc.

L. D. WILGRESS

**1213.** DEA/2-Ds

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 947 London, June 29, 1945

SECRET. Following recent constitutional changes in the U.S.S.R. Commissars for Foreign Affairs have been appointed for the Ukrainian, Byelo-Russian and other constituent Republics of the Soviet Union.

2. United Kingdom Ambassador, Moscow, thinks it possible that we may at some stage be faced with a definite request from Soviet Government to appoint a separate representative to the Ukraine, and we have accordingly been considering what should be our attitude in that event.

3. It may be that Soviet Government may seek to draw a parallel between the new position in foreign affairs of the constituent Soviet Republics and the position of the Dominions. It has, of course, already been explained in the memorandum handed to the Soviet Chargé d'Affaires in London,[73] of which a copy was enclosed in my Circular despatch D. 79 of the 3rd September, 1943,[1] that there is no such resemblance. If an analogy to the position of the Union Republics is to be sought, it is to be found not in the British Commonwealth, but in the German Reich as it existed between 1870 and 1918, where some of the constituent States were allowed to exercise a certain limited control in foreign affairs and in army matters, and for that purpose received and appointed diplomatic representatives.

4. We feel, however, that it would be difficult indefinitely to withhold recognition of the international status of the 16 constituent Republics. If the U.S.S.R. is determined on this development of its international position, it would probably be impossible to persuade all the United Nations to stand firm in refusing recognition, and once one country accorded recognition others would follow, and our position, if we stood out, would cause great resentment in the U.S.S.R.

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[73]Voir le volume 9, document 547./See Volume 9, Document 547.

5. At the same time, we see no advantage in hastening such recognition. Moreover, there would be difficulties in regard to immediate establishment of separate United Kingdom representatives in the Ukraine for three reasons:—

(1) We might find ourselves being represented as having recognized the Ukrainian Republic's claim to parts of eastern Poland. Since the claimed territory would be only a small proportion of the total territory of the Republic, such a contention would not be good in law. Nevertheless, the situation might be embarrassing.

(2) If we established separate representatives in the Ukraine, Soviet Government might apply pressure publicly to induce us to do the same for the Byelo-Russian Republic which claims parts of eastern Poland amounting to approximately as much territory as the whole pre-1939 extent of the Republic.

(3) The Baltic States Republics might put in similar requests for United Kingdom representatives, when freed from the Germans, which if granted would involve recognition of incorporation of the Baltic States in the Soviet Union.

6. In all the circumstances, we suggest that it should be our aim to try to postpone question of recognition of the 16 constituent Republics until the peace settlement. We should, however, be grateful to learn views of Dominion Governments on the matter.

7. If the Dominion Governments agree with the line proposed above, we would suggest that all British Commonwealth Governments should keep each other informed of any Russian move bearing on this matter. We should also propose to inform the United States Government and ask them to keep in contact with us on the subject. We would also suggest that the various representatives in Moscow should be instructed to exchange information on it.

8. We should be grateful for comments of Dominion Governments as soon as convenient. Ends.

**1214.** DEA/4930-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 992 London, July 8, 1944

SECRET.. My telegram of December 2nd, 1943, Circular D. 1050.[1] Whilst agreeing that it is right to supply Russia with maximum amount of information for use against Germany, United States authorities are not prepared to participate in proposed Tripartite Agreement. They consider that object in view can be attained more effectively by periodically presenting to Soviet authorities through Service Missions in Moscow separate agreed United States and United Kingdom lists of items of technical information which would be available to Russian technical representatives in countries of origin. First

United States list has already been sent to Moscow, and we have been informed that supplementary United States lists will be sent in future. In these circumstances, we have no option but to conform with this procedure which will, in fact, give Russians all the information which they would have received under proposed Tripartite Agreement.

2. From time to time there may arise question of releasing to Russians items of technical information partly or wholly of Dominion origin. In that event, it is suggested that most convenient procedure would be for United Kingdom Service authorities to consult Dominion Service representatives in London as to authority for and method of disclosure. Should be glad to learn whether Dominion Governments would be prepared to agree to this procedure.

**1215.** DEA/2-Ds

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*[74]

*Secretary of State for External Affairs to Dominions Secretary*[74]

TELEGRAM 118 Ottawa, July 13, 1944

SECRET

1. Your telegram Circular D. 947 of June 29th. Soviet constitutional changes. We agree with your views on the course to be adopted in the event that a request is made by the Soviet Government for appointment of a separate representative to the Ukraine and we shall be glad to keep you and other Commonwealth Governments informed of any Russian move which comes to our notice. We have instructed the Canadian Ambassador, Moscow, to keep in touch with other Commonwealth representatives there.

2. In view of the substantial number of persons of Ukrainian origin in Canada, we consider it not unlikely that the Soviet Government might also suggest an exchange of representatives between Canada and the Ukraine.

3. We think that the following points in addition to or in elaboration of the points mentioned in your telegram should be kept in mind:

(a) The case of each Soviet Republic for separate recognition in this manner should be considered on its merits. The arguments for recognition are strongest in the case of the Ukraine which is the second largest Slav state and holds an important place in world economy. Any agreement to exchange representatives with the Ukraine should not be considered a precedent establishing the international status of all the other Soviet Republics. In this way we could go some distance to avoid reviving the undesirable controversy over the alleged analogy between the status of these Republics and that of the countries of the British Commonwealth.

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[74]Le télégramme était envoyé aussi à Canberra N° 7, à Wellington N° 8, à Pretoria N° 6.
The telegram was repeated to Canberra No. 7, Wellington, No. 8, Pretoria, No. 6.

(b) We agree that it is desirable to postpone acceptance of separate diplomatic representation of the Ukraine until after the peace settlement. The Soviet Government may press the matter before then and if so it might be more conducive to Allied unity if recognition were granted promptly since it seems impossible to resist a Soviet request in the long run.

(c) In the meantime, nothing should be done which might suggest to the Soviet Government that they would receive a favourable reply if they should ask now or later for an exchange of representatives with the Ukraine or other Soviet Republics or for recognition of the international status of the Republics in some other manner.

**1216.** DEA/4930-40

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs to*
*Dominions Secretary*

TELEGRAM 119 Ottawa, July 15, 1944

SECRET. Your secret circular telegram D. 992 of July 8, 1944. The Canadian Government has no objection to procedure for exchange of technical information with Soviet Union outlined in paragraph 2. Upon receipt of advice that suggested procedure has been adopted, appropriate instructions will be issued to service authorities overseas.

**1217.** DEA/7-Hs

*Le haut commissaire en Grande-Bretagne*
*au sous-secrétaire d'État adjoint aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Assistant Under-Secretary of State for External Affairs*

TOP SECRET London, July 17, 1944

Dear Mr. Wrong,

I would refer to your letter of June 21st[1] enclosing copy of Mr. Malania's Memorandum on the war aims of the U.S.S.R.[75] In compliance with your request this paper was handed to Mr. Hill of the Research Department of the Foreign Office. In conversation Mr. Hill made the following comments:

a) On the whole, the Research Department were greatly interested in the Memorandum and they find themselves in agreement with the outline of the principal aims of Soviet Wartime Policy at the beginning of the paper.

b) They were particularly struck with the point made concerning the Soviet attitude towards Neutral States. Apparently that point had not occurred to them and they consider it very well taken. In their opinion, however, Soviet

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[75]Document 1211.

demands to Turkey are not very likely but it is quite probable that there will be some in the case of Spain. Mr. Hill thought that the Soviet might go as far as requiring the overthrow of Franco (incidentially they have reacted strongly to Mr. Churchill's speech with regard to Spain[76] and violent attacks have been made in their papers against that approach, even if Mr. Churchill himself was not mentioned). In any case, they will no doubt ask for reparations in connection with the Blue Division and they have already listed its Commanding Officers as one of the War Criminals whose surrender will be requested. Mr. Hill gave to understand that they intend to examine this question further and that they may take it up with the Foreign Office. They are glad therefore that Mr. Malania's paper had raised it.

c) On the question of whether the U.S.S.R. will fight Japan there is disagreement with Mr. Malania. It is Mr. Hill's as well as his superior's and the whole of his department's opinion that the U.S.S.R. will declare war on Japan. The reasons for that would be a) the possible results of Soviet neutrality on public opinion in the United States b) the need which the U.S.S.R. will have of industrial and economic assistance for reconstruction purposes: obviously, as long as hostilities against Japan are not concluded, the volume of assistance which can be expected from the U.K. or the U.S.A. will be limited c) the protection of Soviet influence in China especially and in the Far East generally. If the Soviet do not intervene, at the end of the war in the Far East, U.S. influence will be dominant and the U.S.S.R. may find it difficult to prevent the liquidation by the Government of communist elements in China. It is expected that the U.S.S.R. may delay their intervention and drive as hard a bargain as they possibly can but the Research Department are convinced that, in the end, she will join in the war against Japan.

d) As regards Dobrudja, Mr. Hill thinks that Bulgaria rather than Rumania will have it since Soviet Policy will be more pro-Bulgarian than pro-Rumanian: he expects that Northern Bukovina rather than the whole of Bukovina will be claimed.

e) Given the present relations between the U.S.S.R. and Yugoslavia, it is almost certain that Italy will not keep the Yugoslavian district of Trieste and the Adriatic islands.

g) Mr. Hill said that he was grateful for our having brought this document to his attention. He returned it with some other papers[1] which he feels will interest Mr. Malania but he emphasized that these papers were passed on informally and that no reference should be made to them in communications to the Foreign Office or some other U.K. office. If Mr. Malania has any comments he suggested that they might be sent to him personally. Mr. Hill also referred to two Foreign Office Prints: one entitled "Soviet Pronouncements on Foreign Policy"(N 6763/499/38) and the other "The U.S.S.R. and the Principles of the Atlantic Charter and the Four Freedoms" (N.

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[76]Grande-Bretagne,/Great Britain,
House of Commons, *Debates*, Fifth Series, Volume 400, Columns 768-72.

774/158/38). In case these documents are not readily available, copies have been made and are attached hereto for your convenience.[1]

Throughout the conversation Mr. Hill expressed his very high opinion of Mr. Wilgress's reports and enquired about his staff, previous experience, etc. Apparently Mr. Wilgress's views are very closely followed in the Foreign Office.

This first exchange of views with the Research Department seems encouraging and if further papers on Soviet Questions are prepared in the Department it might perhaps be desirable to develop further this channel with a view to ascertaining the expert views here at an unofficial level.

Yours sincerely,

C. S. A. RITCHIE

**1218.** DEA/4930-40

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

TELEGRAM 242 Moscow, August 10, 1944

Following from Military Attache for D.M.O.P.[77] Department of National Defence, Begins: We have been unofficially advised by British Liaison with Russians in London that certain military technical information will be given to the Russian General Staff through the British Military Mission in Moscow, also similar action is being taken by American Military Mission. Information on Canadian military development will be withheld by British so as to give us opportunity of transmitting this information ourselves. Could this be arranged by N.D.H.Q. and co-ordinated with British War Office.

**1219.** DEA/2-Ds

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1133 London, August 11, 1944

SECRET. My telegram Circular D. 947 of June 29th. Possible Soviet request for exchange of diplomatic representatives with individual Soviet Union Republics.

1. We are grateful for views expressed on our suggestions on this matter and are glad to know that there is complete agreement between us.

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[77]Directorate of Military Operations and Planning.

2. United Kingdom Ambassador, Washington, has now been informed that the five British Commonwealth Governments concerned have agreed that the United Kingdom Government should inform the United States Government of their joint views on this matter and should ask the United States Government equally to keep in contact with us in regard to it and to instruct the United States Ambassador in Moscow to keep in contact with his British Commonwealth colleagues. United Kingdom Ambassador, Washington, has been instructed to approach United States Government accordingly after informing Dominion representatives in Washington.

3. United Kingdom Ambassador, Moscow, has also been instructed to exchange any information on this subject with his other British Commonwealth colleagues.

4. We have carefully considered suggestion in paragraph 3 (a) of Canadian Government's telegram, No. 118 of July 13th, that case for exchange of separate representatives with each particular Soviet Union Republic should, when an approach is received from the Soviet Government, be considered on its merits and that any agreement to exchange representatives with the Ukraine should not be considered a precedent establishing the international status of all other Soviet Republics. Exchange of representatives with one Soviet Republic would, however, constitute recognition of its independent international status, and we feel that once independent international status of one of the constituent Republics is recognized in this way, principle would be conceded and independent international status of the other Republics could not consistently be contested. In the circumstances we think it best to adhere to the suggestion in paragraph 7 of my telegram Circular D. 947 of June 29th, that action to be taken on any approach from the Government side for the exchange of Diplomatic representatives with any particular Soviet Republic should be considered on its merits in consultation when the occasion arises. Ends.

**1220.** DEA/2-Ds

*Le secrétaire d'État aux Affaires extérieures*
*au secrétaire aux Dominions*

*Secretary of State for External Affairs*
*to Dominions Secretary*

TELEGRAM144 Ottawa, August 26, 1944

SECRET. Your telegram Circular D. 1133 of August 11th. International position of Soviet Republics.

We have instructed the Canadian Embassy in Washington to request the United Kingdom Ambassdor to delay the approach to United States Government mentioned in paragraph 2 of your telegram. We did not regard your telegram D. 947 as proposing this procedure. We consider that in capitals in which there is a Canadian diplomatic representative, it is generally desirable that the views of the Canadian Government should be conveyed to the

Government concerned through him and not through the United Kingdom representative.

2. In the present case we did not think that any exchange of papers on the attitude to be adopted in the event of a Soviet request for exchange of diplomatic representatives with one or more Soviet Republics was necessary since the question had in fact already been discussed informally with the State Department by the Canadian Embassy. We understand that they have not reached a definite decision on the line they would take in such an event but there would probably be a strong disposition to avoid or postpone any such exchange between the United States and Soviet Republics.

**1221.** DEA/2-Ds

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1216 London, August 28, 1944

SECRET. Your telegram No. 144 of August 26th. International position of Soviet Republics.

We are sorry if there has been any misunderstanding. To make position clear, further telegram is being sent to United Kingdom Ambassador, Washington, to effect that "although in communicating with United States authorities on this matter there is no objection to your informing them that the Dominion Governments have been previously consulted and are understood to be in general agreement with our views, you will, no doubt, make it clear that you are speaking for the United Kingdom Government only."

**1222.** DEA/4930-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 1359 London, September 13, 1944

SECRET. My secret telegram Circular D. 992 of July 8th.

All Dominion Governments having agreed, procedure suggested in paragraph 2 of my telegram is being adopted.

**1223.** DEA/7-Hs

*Mémorandum du ministère des Affaires extérieures*
*Memorandum by Department of External Affairs*

SECRET [Ottawa,] November 7, 1944

CONVERSATIONS BETWEEN MR. CHARLES E. BOHLEN, CHIEF OF THE EASTERN EUROPEAN DIVISION OF THE STATE DEPARTMENT AND MEMBERS OF THE DEPARTMENT OF EXTERNAL AFFAIRS, OTTAWA, NOVEMBER 3, 1944

The following officers of the Department were present: Mr. Wrong, Mr. Glazebrook, Mr. Riddell, Mr. Ignatieff, Mr. Norman and Mr. Malania. Mr. Atherton, United States Ambassador to Canada, joined the group towards the end of the meeting.

Mr. Bohlen began by emphasizing that after the war the Soviet Union would wish to proceed with internal reconstruction and would therefore desire as the main object of foreign policy, to ensure the security of the Soviet Union. Soviet leaders had two ways of doing this. The first, to which they attached particular importance and which Mr. Bohlen described as the No. 1 priority of Soviet policy, was to maintain a very close understanding with the other two Great Powers in the coalition. The other method was to insist upon having "friendly governments" in neighbouring states. The Soviet definition of "friendly Governments" is, however, quite different from that accepted by the British and Americans, and tends in practice to become undistinguishable from governments dominated by the Soviet Union. Such governments would be expected to enter into an alliance with the U.S.S.R., and would be under considerable pressure to tolerate no criticism of the Soviet system by their citizens.

This second method of ensuring security, that of insisting on friendly governments, is, however, in danger of jeopardizing what from the Soviet point of view is the more important condition of security, a close understanding among the Great Powers. After having secured friendly governments in the contiguous states, the Soviets may feel that the security of these states, in turn, would not be complete until the latter's neighbours were also "friendly". Thus the process of extending Soviet influence in the name of security might be endless. Mr. Bohlen felt that it was up to the United Kingdom and the United States to make clear to the Soviet leaders that they "cannot have their cake and eat it too," and that pursuit by the Soviet Union of unilateral policies may arouse public suspicion to such an extent that co-operation among the three Great Powers, to which they attach so much importance, would become impossible.

In this connection Mr. Bohlen said that the great majority of Americans felt very strongly on the question of Poland. He, therefore, believed that a stand should be taken by the Anglo-Saxon powers in the interests of preserving the Great Power alliance. He felt it was imperative to explain to the Soviet leaders the state of public opinion in the democracies. In his opinion the Soviet leaders

were misinformed by the reports which they were receiving from their representatives abroad. He instanced the reports of the Tass correspondents and said that they were "feeding the party-line" back to Moscow. A meeting of two hundred Polish-Americans which endorsed the Soviet position would receive an impressive coverage, while a mass meeting of thousands which supported the Polish government would be described as a "handful of reactionaries". In reply to a question, he said he had reason to believe that Soviet diplomatic representatives sent similarly biased reports.

In taking a stand against undue extension of Soviet influence, the Anglo-Saxon powers should be careful to avoid giving the impression of a "united front" against the Soviet Union, as this would defeat its own purpose by arousing Soviet suspicions, and encouraging them to proceed unilaterally. The way to get around this difficulty was for the United Kingdom and the United States to make independent approaches, wording their representations differently. When controversial issues were under discussion between the three powers, satisfactory agreements would never be reached if the United States and United Kingdom always acted together; they must constantly be careful to treat the Soviet Government in all respects as an equal, and give no cause for suspicion that they were acting in concert in bringing pressure to bear on Moscow.

Several times in the course of the conversation, Mr. Bohlen reverted to the Soviet Union's insistence on having friendly governments in neighbouring states, and contrasted Soviet policy in this respect with that of the United States. While the United States would, of course, object if a Latin American republic concluded a military alliance with another Great Power, they did not insist on "friendly governments" in the Soviet sense. They would not object to governments which ranted against "Yankee imperialism," for instance. The Soviet leaders, on the other hand, with their personal background of bitter factional strife, were accustomed to think rigidly in terms of black and white. They would consider a government which tolerated private criticism of the Soviet Union, as not friendly. If it was not friendly, it was hostile; and if hostile, it was probably plotting something sinister. This conclusion, in turn, would lead to drastic action. Mr. Bohlen thought that the post-war relations between Czechoslovakia and the Soviet Union would be a test-case of the possibility of a friendly neighbouring state of the U.S.S.R. retaining real internal independence. Beneš[78] had done everything possible to show his good intentions. Mr. Bohlen wondered whether in view of this the Soviets would Beneš tolerate any private criticism of the U.S.S.R. in Czechoslovakia.

In disbanding the Comintern, the Soviet leaders wished to emphasize that the Communist parties in various countries were henceforth to act as national parties. They retained, however, their links with Moscow, and while drawing heavily on the particular national traditions in their countries, they were intended by the Soviet leaders to act as pressure groups to keep their

[78]Eduard Beneš, président de la République tchécoslovaque.
Eduard Beneš, President of Czechoslovak Republic.

government in line with a pro-Soviet orientation. Mr. Bohlen did not think that the Soviets wished to have Communist parties in power in Europe, as this would arouse far too much suspicion. In the case of Germany, the coming to power of the Communist party might even constitute a danger to the U.S.S.R., not only because the German Communists might come to dominate Russia through German industrial and technical superiority, but also because German Communism might be Trotskyist and might wish to proceed at once with the world revolution. Mr. Bohlen said that the very first element to be liquidated in a country occupied by Soviet troops would be the Trotskyists and referred to his own observations of what had happened in Estonia in 1939 in support of this contention.

Mr. Bohlen described the ideological basis of the Free Germany Committee in Moscow as the traditional pro-Russian orientation which was strong in a section of the German officer-class and officialdom (the Bismarck tradition). It was this tradition which had enabled the Committee to secure the adhesion of many high-ranking officers, and while the Committee itself might not play a political role in Germany, the Bismarck tradition might well become a political factor.

Mr. Bohlen said very little regarding the Churchill-Stalin conversations in Moscow last month. He mentioned that Stalin had deprecated Pan-Slavism, and Mr. Bohlen thought that the Pan-Slav policy would not be pushed. It was also clear that the Soviets no longer objected to Federations, as such, in Europe. They were, for example, prepared to see a Polish-Czechoslovak federation, provided always that each of the units in the federation maintained direct and friendly relations with Moscow. In this connection, Mr. Bohlen mentioned an apparent contradiction in Soviet policy. During the Moscow Conference in 1943 the Soviet delegation had objected to federations on the grounds that the Governments in exile were out of touch with public opinion within their countries and therefore could not commit their peoples to such an important step. Yet the Soviet Union did not refuse, almost immediately after the Conference, to sign a long-term alliance with the Czechoslovak Government, which was not any less unrepresentative than the others.

Regarding Turkey, Mr. Bohlen said that the Montreux Convention had been mentioned at the Churchill-Stalin meeting. The Convention would probably be revised to permit free passage of Soviet ships through the Straits. Beyond this, Mr. Bohlen did not think the Soviets would go. They were not likely to make any special claims on Turkey, but they would try to prevent the Turks from playing a leading role in the Balkans. Although he appreciated their fears of being bombed, Mr. Bohlen thought the Turks had missed their opportunity by not entering the war against Germany last year.

With regard to the other neutral powers, Mr. Bohlen did not think that the Soviet Union would make any special claim on them, although it was clear from the Soviet reply to the invitation to attend the Conference on Civil Aeronautics in Chicago, that the Soviets did not look upon the neutrals with a friendly eye.

Replying to a question regarding the Soviet attitude to the Dumbarton Oaks Conference, Mr. Bohlen again stressed the importance the Soviet Union attached to the concert of Great Powers. They were prepared to admit China to the group upon the insistence of the others, although they seemed to be frankly puzzled as to why China should be placed in that category. The Soviet Union appeared to think of the International Security Organization as virtually an alliance of the three Great Powers.

With regard to the making of Soviet policy, Mr. Bohlen thought that neither Maisky nor Litvinoff played an important role. Men like Andreev[79] and Zhdanov[80], who had lived all their lives in the Soviet Union, were, he thought, more influential. The real maker of Soviet policy was Stalin. He was, however, tremendously busy and probably issued only general directives. Mr. Bohlen likened such a directive to a lever, which, upon being pressed, set the whole machine into motion. This, he thought, was the explanation of Soviet policy in connection with oil concessions in Iran. The Soviet Union really needed oil. The refusal of the Iranian Government would be represented to Stalin, by a man like Andreev, as the rejection of a friendly offer and as a slight upon Soviet good intentions. Stalin would fume and make some such statement as that Iran should be shown that the Soviet Union was a Great Power and that its offers were not to be treated cavalierly. This would be enough to set the machine in motion. The result was a violent press campaign against Iran and a crude demonstration of Soviet military might in front of the Shah's palace. In the meantime Stalin would be busy, perhaps at the front, and completely unaware of the impression which the working of the machine was producing abroad. This led Mr. Bohlen to stress once again the importance of making quite clear to Stalin the impact of Soviet policy upon foreign public opinion.

Mr. Bohlen did not think that the Soviet leaders had any sinister long-range plans. His personal impression was that Soviet policy was formulated from day to day to meet conditions as they arose.

II

During an earlier conversation between Mr. Bohlen, Mr. Atherton, Mr. Robertson and Mr. Wrong, Mr. Bohlen made some other points not covered in his later talk. Asked about the reasons which led the Soviet Government at the last moment to refuse to participate in the Civil Aviation Conference, he said that he thought that the explanation given in the Tass statement should be taken seriously. The Soviet Foreign Office had known all along that neutral

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[79]A. A. Andreev, secrétaire, Comité central du parti communiste de l'Union soviétique; membre du Politburo et commissaire à l'Agriculture.
A. A. Andreev, Secretary, Central Committee of the Communist Party of the Soviet Union; Member of the Politburo and Commissar for Agriculture.

[80]A. A. Zhdanov, membre, Comité central du Politburo et du Présidium du Soviet suprême de l'Union soviétique; président, Comité des Affaires étrangères de l'Union soviétique; secrétaire du Parti communiste à Leningrad et à la Russie du Nord-ouest.
A. A. Zhdanov, Member, Central Committee of the Politburo and Presidium of Supreme Soviet of Soviet Union; President, Foreign Affairs Committee of the Soviet Union; Communist Party Secretary for Leningrad and Northwest Russia.

states with the exception of Argentina had been invited to attend. They had themselves formally accepted the invitation in a note dated October 19th, and their delegation was actually in Minneapolis when it was recalled to Moscow. He thought it not improbable that some of the old Bolsheviks in the Praesidium had at the last moment got Stalin's ear and convinced him that Soviet delegates should not sit in a conference with representatives of Switzerland, Portugal and Spain. There was a good deal of bitterness towards Switzerland based on the idea that it was presumptuous for so small a country to refuse to enter into diplomatic relations with the U.S.S.R. Furthermore in Moscow there was a tendency to be intolerant towards small states just because they were small. If in addition small states suppressed communist parties as the Swiss had done, this intolerance was increased.

Asked for his views on the relations with Moscow of Communist leaders abroad, Mr. Bohlen said that one must assume that personalities such as Tito, Earl Browder[81], and the French Communist leaders such as Cachin and Thorez, remained in the good graces of Moscow because they maintained their connections there and did nothing inconsistent with the general lines of Soviet policy. Since, however, the Soviet Government was no longer actively interested in promoting world revolution, it was quite possible for Tito to be at the same time a faithful Communist in Moscow's eyes and a Yugoslav patriot. Ex-Communists and Trotskyists were to Moscow the chief public enemies. So long as the connection between communist leaders abroad and Moscow was maintained, the old duality of Soviet policy would continue. The present leaders, however, preferred to use normal methods of intergovernmental contact to promote Soviet interests abroad, and local Communist parties were likely to be employed more for general Soviet propaganda than to influence internal affairs.

With respect to the Churchill-Stalin meeting, Mr. Bohlen said that Mr. Harriman[82] considered that the results were quite satisfactory with regard to Balkan problems; a working agreement had been reached. He was far less happy about the Polish aspects. He confirmed that the Polish Committee of Liberation contained elements which the Poles had reason to regard with grave suspicion.

There was also some discussion of the status of the constituent Soviet Republics. Mr. Bohlen thought that in reality the significant change had been that relating to the army. He commented that the authority of the central government was effective even in the fields reserved to the constituent republics under the constituion, and it was quite inconceivable that they would be allowed to exercise any independent initiative in foreign affairs. He took little stock in the view that the constitutional changes, by encouraging diversity, might in the long run be welcome to the rest of the world; there was no intention to allow real liberty of action to the republics. He agreed that the

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[81]Secrétaire général du Parti communiste des États-Unis jusqu'à sa dissolution en mai 1944.
General Secretary, United States Communist Party until its dissolution in May, 1944.

[82]Averell Harriman, ambassadeur des États-Unis en Union soviétique.
Averell Harriman, United States Ambassador in the Soviet Union.

right of secession nominally accorded to the republics in the Constitution could not be exercised, since there was no constitutional method of exercising this right. He did not seem to be very apprehensive about the use to which the Soviet government might put the alleged right of the republics to be directly represented on international bodies, and so on.

**1224.** DEA/7-Hs

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 402 Moscow, November 9, 1944

SECRET

Sir,

I have the honour to report that, in spite of some recent manifestations of Soviet policy, I still believe that the Soviet Government are desirous of co-operating fully with the other great powers in laying the foundations for a lasting peace. By this I have never intended to convey that the Soviet Government would at all times placidly conform to the pattern sketched by the Anglo-Saxon powers. They will continue aggressively and in their own peculiar manner to exert their will on international policy whenever they consider their special interests are involved, but the main objective will be the avoidance of international unrest if this can be accomplished without jeopardising their vital interests. The reasons for this main objective are not unselfish in that the Soviet Government wish above all else to have a long period of external security in order that they can accomplish the tasks of internal reconstruction, which in the end will result in the country becoming still more powerful economically and therefore militarily.

2. This view is disputed by many, otherwise well-informed, observers abroad, who hold that the Soviet Government are motivated by aggressive intentions and are aiming to incorporate within the Soviet Union many of the territories on her western, southern and eastern borders. Those who hold this view are confirmed in their opinion by certain recent actions and policies of the Soviet Government, just as those who hold the contrary view are encourged by the magnanimity shown by the Soviet Government in the recent armistice negotiations with Roumania, Finland and Bulgaria, their cooperative action in regard to Yugoslavia, their willingness to assist in making effective international organs, such as the International Security Organization, U.N.R.R.A., the Food and Agricultural Organization, and the International Monetary Fund, and their pains to maintain unity in the Anglo-American-Soviet coalition against Nazi Germany. As so often happens those who hold the opposing sets of views go to extremes in expounding their respective theses and draw too far-reaching conclusions in support of theses theses from recent

manifestations of Soviet policy. The truth lies somewhere in between and the difficulty is to place the proper valuation on such evidence as we possess. In adhering to my principal contention that the Soviet Government wish to follow a policy not of aggression but of avoiding actions that will disturb international harmony to any serious extent it is incumbent upon me to examine some of the evidence to the contrary produced by those who attribute motives of aggression to the Soviet Government. This can best be done by reviewing Soviet policies in relation to other countries and those recent actions that have caused uneasiness even in the minds of those confident of the peaceful intentions of the Soviet leaders.

3. The most disturbing recent signs of overt Soviet pressure on her smaller neighbours are the attacks in the Soviet press against Turkey and Iran. As regards the former the attacks are comparatively mild and may be said to reflect in part displeasure at Turkish failure to enter the war before it was too late. They probably also are a preparation for the day when the question of the Straits will become once more a principal subject of international controversy. The Soviet Union undoubtedly feels that the Montreux Convention must be scrapped because it does not accord recognition to the paramount interest of the Soviet Union, as the leading Black Sea power, in the question of navigation through the Straits. I should be surprised, however, if in putting forward what she considers to be her just claims for the internationalization of the Straits the Soviet Union will do anything which will create uneasiness about her intentions towards the integrity of Turkey or about her desire to play a role in the Mediterranean. The readiness with which the Soviet Government have accorded the United Kingdom a free hand in Greece shows that the Soviet Union is not ambitious as yet to meddle in either Mediterranean or Middle Eastern affairs, although undoubtedly in the future she will watch developments there closely and endeavour to increase her influence gradually by promoting economic and cultural relations.

4. More subtle reasons must be looked for in the recent crude bullying of Iran as a result of the refusal of the Iranian Government to grant now a concession to the Soviet Union for the exploration and exploitation of oil resources in northern Iran. I take this to signify a warning to Iran not to indulge in the old game of playing one great power off against another. British policy has been to bring the United States into Iran as a counter-weight to the Soviet Union. This has been resented by the Soviet Government who fear the possibility of future clashes with the North American colossus if the latter becomes embroiled in any of the countries bordering on the Soviet Union. The Iranian Government in refusing to grant the oil concession may have believed that after the war United States interests would outbid the Soviet Union for the concession. The Soviet Government response is to make clear to the Iranian Government that the integrity of Iran will be respected only to the extent that the Iranian Government recognize the division of the country into the already defined British and Soviet zones and keep outsiders out of the Soviet zone.

6. [*sic*] The Afghan Ambassador in Moscow has been even more apprehensive than the Iranian Ambassador about future Soviet intentions towards his

country. A border incident has arisen over disputed ownership of some islands in the River Amu Darya which serves as the boundary between the two countries. These islands have been occupied by Soviet troops and the Soviet Government state that the border dispute can be adjudicated after the war. Difficulties have also arisen through the friendly reception accorded by the Afghan Government to Uzbeks and Tadjiks who to the number of 40,000 have sought refuge in Afghanistan from collectivized agriculture and religious persecution. It is clear, however, that the Soviet Government will seek to maintain correct relations with Afghanistan so long as India remains part of the British Empire and the Anglo-Soviet Alliance continues to be one of the corner-stones of Soviet foreign policy.

7. The most recent indications of Soviet policy towards China have been pressure to secure the removal of Governor Sheng from Sinkiang and attacks in the Soviet press against the Central Government for using a large force of well-equipped troops to blockade the Communists, thereby showing more interest in preventing the spread of Communism than in fighting the Japanese. On the Sinkiang issue the Soviet Government were seeking to eliminate a governor whom they considered to be hostile to the Soviet Union and whom the Central Government were unable to control. The removal of Governor Sheng has eliminated this cause for friction and the Chinese Ambassador reports an improvement in relations as a result. Here as in other border districts the test will be the ability of the Central Government to maintain effective control. As regards the Chinese Communists there is little evidence that the Soviet Union is interfering in Chinese politics or according material support to the Communists. On the other hand the Communist issue does provide a useful instrument for the Soviet Government to bring pressure to bear on China by instituting whenever they see fit press attacks on the dictatorial and non-democratic character of the Central Government.

8. In its policy towards China the Soviet Union will be guided by the consideration that a strong China is just as likely to be a threat to Soviet interests in the Far East as a strong Japan. For this reason there may be some substance to Chinese fears that the Soviet Government might like to see established a series of small socialist states in North China stretching from Outer Mongolia to Manchuria and from the Amur to the Yellow River. It is not likely, however, that the Soviet Government will take any positive steps to further these plans if in doing so it would bring them into serious disagreement with the United States. They realise very well that there is no area where conflict of views with the United States is more likely to cause serious trouble than China. Being nearly as dependent upon United States economic assistance as China itself they will be careful to respect the territorial integrity and sovereign rights of China so long as the United States Government support the Central Government of that country. This does not mean that the Soviet Government will refrain from doing everything possible to increase economic and cultural relations with such territories as Sinkiang and Manchuria, but any special political and economic concessions probably only will be sought in agreement with the other Allies as part of the bargain for the participation of

the Soviet Union in the war against Japan. This might apply, for instance, to transit rights over the Manchurian railways and port facilities at Dairen. On the other hand it is unlikely that any tears will be shed in the Kremlin if China through its own weakness should split up into a number of units leaving only small powerless states along the border with the Soviet Union.

9. The settlement with Japan many present the possibility of differences between the Soviet Union and the United States over territorial adjustments in the Pacific. The Soviet Union may want and, if they participate in the war against Japan, probably will receive the southern half of the Island of Sakhalin. The Soviet Government, however, may put forward claims for the Kurile Islands which extend from the southern tip of Kamchatka to Japan. Certainly, they would not welcome the transfer of any of these islands to United States ownership or control.

10. Turning to the western frontier of the Soviet Union we find a very varied picture depending on the type of regime in power in each of the neighbouring countries. The most encouraging example of the correctness of Soviet policy is the attitude towards Finland since the signature of the armistice agreement with that country. Finnish stubborness has won the respect of the Soviet leaders and with faithful execution by the Finns of the armistice terms there has developed a trend towards the cultivation of friendly feelings between the peoples of the two countries. The Finns for their part are greatly relieved that their fears about Soviet troops occupying the more settled districts in Northern Finland and about Soviet interference in Finnish politics have proved to be unfounded.

11. Poland continues to be a major threat to allied harmony. Most blame must be ascribed to the anti-Soviet attitude of the Polish emigrés from whom the Polish Government in London have derived their chief support, but the emergence of Mr. Bierut with his communist antecedents has created misgivings about the intentions of the Soviet Government respecting Poland. Soviet policy is directed at the removal of any possibility of a regime coming to power in a future independent Poland which will prosecute policies hostile to the Soviet Union and thus make Poland a base for anti-Soviet intrigues. This probably can be achieved only by destroying the vestiges of feudalism in the Polish social structure, and thus there comes about a considerable degree of interference in the internal affairs of Poland. Unfortunately there is enough similarity between this situation and the United States attitude towards the present regime in Argentina to enable the Soviet Government to draw comparisons. However, the proximity of Poland, while justifying more interest by the Soviet Union in the type of government in power in that country, does tend to place the Poles in a position of dependence on the Soviet Union and definitely to earmark Poland as part of the Soviet sphere of influence. The solution in my opinion is to strive after the war to bring about economic cooperation between all the relatively politically weak units occupying "the peninsula of Europe." The United States with its practical altruism and its political disinterestness in Europe is in the best position to promote this

objective as an offset to the tendency for the division of Europe into spheres of influence.

12. In marked contrast to Poland, Czechoslovakia remains the one country in eastern Europe following consistently the policy of close cooperation with the Soviet Union without jeopardising its political independence. With its highly developed industry and its strategic geographical position Czechoslovakia could do much in association with the industrial countries of western Europe to bring about that economic cooperation referred to in the preceding paragraph. This would be consistent with the previous policies of Czechoslovakia, and, if carefully handled, need not endanger the close understanding reached with the Soviet Union in the political sphere. The success which the Czechoslovaks have achieved in the latter respect gives them a unique opportunity for leadership in the post-war reconstruction of Europe, provided they receive the correct degree of encouragement from the two Anglo-Saxon powers.

13. Judging from the Soviet press the Soviet Government are not very satisfied with the present political situation in Roumania. The government of that country is criticised for not carrying out a sufficiently drastic purge of pro-fascist elements. The criticism is directed chiefly against the National Peasant Party and the Liberal Party and it would seem that the Soviet leaders would like to see these two parties eliminated from the government and a new regime installed in which the Communist Party would have more influence. The Roumanians thought they were being astute when they appointed Mr. Patrascanu, one of the Communist leaders, as head of their armistice delegation but this made no apparent difference to the manner in which they were treated in Moscow and M. Patrascanu probably lost face with his followers as a consequence. Since then, however, the Soviet press has kept up a constant criticism of the right-wing of the government, particularly the factions led by Maniu and Bratianu. The Roumanian Government have also been criticised for the manner in which they are carrying out the armistice terms, particularly the return of machinery and other industrial equipment looted from the Soviet Union. There has also been reports of difficulties having arisen between the foreign-owned oil companies and the Soviet Armistice Control Commission over the ownership of piping and other oil-well equipment. On the whole it looks as if Roumania is likely to provide a source of considerable trouble in the future and that the Soviet Government will not be so scrupulous in avoiding interference in the internal affairs of Roumania as they are in the case of Czechoslovakia. Like Poland, Roumania appears to have come very definitely within the Soviet sphere of influence.

14. The Soviet Union have very close historical and cultural ties with Bulgaria and the people of that country are very friendly disposed towards the peoples of the Soviet Union. The geographical position of Bulgaria, however, brings it very close to those Mediterranean interests which the United Kingdom regards as its concern. Mr. Eden achieved a real victory in Moscow last month in securing Soviet recognition of that fact. Nevertheless the occupation of Bulgaria by Soviet troops has led to the Soviet Union becoming more strongly entrenched in that country than ever in the past and henceforth

we may expect the Bulgarian Government to pursue a consistently pro-Soviet policy. While this will lead to the influence of the Soviet Union throughout the Balkans becoming very great, it need not imply a threat to the integrity of Bulgaria. This threat probably will be lessened further if the Soviet Government succeed in supplanting the Montreux Convention with a new convention providing for international instead of Turkish control over the Straits.

15. A few weeks ago it looked as if the Soviet Government were still distrustful of the Yugoslav Government headed by Premier Subasic and inclined to favour the consolidation of control by the Yugoslav Committee of National Liberation headed by Marshal Tito. Mr. Eden was able to satisfy himself that the Soviet Government are anxious that Yugoslavia should not become another Poland and that they are willing to cooperate with the United Kingdom Government in the establishment of a government of national unity in Yugoslavia. Many problems still face that country but apparently it is to be spared a divergency of policies by the great powers and will be permitted to work out its own salvation with the minimum of interference from outside.

16. Admiral Horthy, while still Regent of Hungary, wrote a personal letter to Marshal Stalin last month seeking an armistice. He acted too late and was not in a position to swing all of his people to turning on the Germans. Hungary, therefore, will be conquered and there is no knowing what will happen. It is unlikely, however, that this country will prove a bone of contention between the great powers. It is too small to be of interest to the Soviet Union. Although Hungary has a more pronouncedly feudal social structure than Poland, there have been very few attacks in the Soviet press against the Hungarian magnates. This is because they have shown little enthusiasm for Naziism and Hitler has found his support mostly among the middle class of Budapest to whom his anti-semitism appealed for economic reasons.

17. The Soviet leaders assured Mr. Churchill and Mr. Eden when they were in Moscow last month that they were not interested in Greece and that they recognised the importance of Greece to the United Kingdom as the principal Mediterranean power. No doubt the corollary to this is that the United Kingdom should recognise the paramount interests of the Soviet Union in territories of special interest to the latter country. Comparatively little interest in Italy is now being shown by the Soviet Government and the minor struggle which took place over that country last year probably was for the purpose of assuring the Soviet Union of its place as a full and equal member of the three-power coalition as well as to gain the sympathy of left-wing elements everywhere for the championship of a government representative of progressive forces and completely purged of reactionary elements.

18. Throughout the past two years the Soviet Government have been taking a very great interest in France and have been posing as the supporter of the progressive elements in France as against the more doubtful support of the other two great powers. When official recognition was accorded recently to the Government of France the Soviet Government allowed the rumour to circulate in Moscow that they all along had been in favour of recognition and that it had been hesitation on the part of the other two great powers that had deferred

action until now. Behind the scenes, however, Soviet policy towards the French Committee of National Liberation had been vacillating, depending largely upon the extent to which General de Gaulle was influenced by the right or left-wing members of the Committee. The Soviet press recently has given prominence to telegrams from Paris reporting dissatisfaction with the decree disbanding the Patriotic Militia. This, however, has not prevented the Soviet Government from coming out with the proposal that France should be made a full member of the European Advisory Commission when all that Mr. Eden had proposed last month was that France should attend meetings of the Commission when matters relating to Germany were being discussed. Soviet policy probably is to woo France and prevent her from becoming too closely allied with the United Kingdom which would have the result of aligning the countries of western Europe into a close partnership for the furtherance of their common interests in the light of the new balance of power throughout the world.

19. There is good reason to believe that the Soviet Government have been disappointed at how the Anglo-Soviet Treaty Alliance of May 26th, 1942, is working out in practice. When the treaty was signed they hoped that this would mean the regulation of Europe by the United Kingdom and the Soviet Union, the former being responsible for western Europe and the latter for eastern Europe. They also hoped that the United States would not take too great an interest in European affairs. The day the treaty was signed Mr. Maisky, the then Soviet Ambassador in London, remarked that it would help the United Kingdom to withstand pressure from the United States. After that, however, the United Kingdom commenced to shape its policy closely to that of the United States. There commenced the frequent conferring together of Mr. Churchill and Mr. Roosevelt. The practice grew to such an extent that the Soviet Government commenced to feel themselves an inferior member of the three-power coalition. This feeling became pronounced at the time of the 1943 Quebec Conference but was allayed by the successful outcome of the Moscow and Teheran Conferences which followed shortly thereafter. The conversations which took place last month when Mr. Churchill and Mr. Eden were in Moscow further sucessfully restored the proper understanding between the two Allies, but the Soviet Government are now under no illusions about the necessity of the United Kingdom closely coordinating its policy, even as regards Europe, with that of the United States. Hence the Soviet desire that France should not become too closely aligned with the United Kingdom.

20. Uneasiness already can be detected in the United States that the Soviet Union may stir up political unrest in Latin America. There is nothing that I can think of more likely to prejudice that economic cooperation of the United States in the internal reconstruction of the Soviet Union than apparent interference by the latter country in the affairs of the Latin American countries. It would be my surmise that the Soviet diplomatic missions already established in Mexico, Cuba, Colombia and Uruguay have been enjoined strictly to avoid giving any appearance of being interested in the internal political developments of the countries in which they are stationed. I think you

have found this to be the attitude of the Soviet Embassy at Ottawa and while the Latin American countries offer a more fertile field for encouraging political unrest, I should be surprised to find that the Soviet Government would consider the present or the immediate post-war period suitable for exerting that influence they are in a position to exercise on developments in those Latin American countries ripe for political change.

21. What probably has caused most uneasiness of late has been the Soviet attitude towards participation in some of the international organizations now being set up to regulate the post-war world. The Soviet demand that the permanent members of the proposed Security Council participate and have the right of veto in cases in which they are parties to a dispute can be regarded as equivalent to asking that the great powers should be above the law. The Soviet attitude, however, is largely a reflection of the past suspicion and mistrust in which the Soviet Union was regarded by other countries. While the activities of the Comintern were basically the reason for treating the Soviet Union as a pariah, there was a great deal in the attitude of other countries that the Soviet leaders are unable to forget and this makes them take precautions to preclude a ganging up of other countries against them. This explains the difference of views that arose at Dumbarton Oaks about voting in the Security Council. Mr. Molotov's plea to the British Ambassador that other countries should learn to trust the Soviet Union does show that the Soviet Government believe in and wish to make effective the system of security envisaged in the proposals for an International Security Organization. They will support the organization fully so long as it is not used to thwart what they consider to be their just aspirations. It is true that if any other important country made such a reservation, the system would not be worth the effort expended on making it work, but under the conditions whereby the Soviet Union emerges from the war as the predominant military power on the Eurasian land mass it is probably the only basis on which complete Soviet cooperation in the maintenance of a long period of peace can be secured and as such is worth trying. Certainly the Dumbarton Oaks proposals in themselves should provide an effective guarantee against the resurgence of German aggression. It will keep Germany and all smaller countries quiet even if it cannot "police the policemen."

22. It is ironical that just about the time there are published the details of a system of security designed to curb effectively renewed German aggression, there should be a spate of schemes for accomplishing the same end by destroying German industry and thus depriving the peaceful world economy of one of its most productive units. Naturally such schemes meet with a ready response in the Soviet Union where the loss of German economic cooperation in the future would be more than compensated for by the complete disappearance of the base of the military power of the only rival to the Soviet Union on

the Continent of Europe. This is the danger inherent in putting forward schemes for the future of Germany that are devoid of any constructive features. The one rock on which future cooperation between the Soviet Union and the other two great powers is most likely to founder is the treatment to be meted out to Germany. It is essential to the future peace and welfare of Europe as well as of the world that the German people should have the opportunity of devoting their energy and skill to contributing a large share to mankind's common pool of peacetime products. The Soviet Union will be out for a hard peace no matter how destructive the terms and if we are to be spared a peace settlement devoid of constructive features there must be resistance on the part of the other two great powers to the extreme proposals likely to be formulated in Moscow. The German problem will have to be handled carefully if harmony among the Big Three is to be maintained, but it is doubtful that the Soviet Union would withhold its cooperation simply because it could not have its own way entirely over the settlement with Germany.

23. There are functional fields in which it will be difficult to attain full Soviet cooperation. This will be mostly for military or security reasons, such as in the case of the regulation of post-war civil aviation. In other cases it will be because the Soviet Union will not wish international organizations having too much authority in eastern Europe as illustrated by the case of the proposed European Inland Transport Organization. The great influence of the N.K.V.D. (People's Commissariat of Internal Affairs) and their antipathy to foreigners learning too much about the Soviet Union will preclude the granting of permission to foreign experts or commissions to come to the Soviet Union to conduct investigations or functions on behalf of international organizations. All this is a reflection of the extreme centralization of power in the Soviet Union and the lack of faith in either external or internal security, but it does not mean any unwillingness on the part of the Soviet Union to cooperate fully in the maintenance of peace.

24. To sum up, we can see that it is going to be very difficult to get along with the Soviet Union and trouble may constantly be arising over matters of important but not vital concern. On the large issues that determine peace or war — even on those that determine a sense of security or international uneasiness — we may expect that the Soviet Union will throw its full weight behind the forces working for peace and security. In no other way can the Soviet leaders carry out their aims of reconstructing the economy of the country, of repairing the glaring weaknesses in that economy and of making a people that have had to bear terrific hardships for nearly thirty years at least, reasonably happy and content.

I have etc.

L. D. WILGRESS

**1225.** DEA/2-AEs

*Le chargé d'affaires en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 193 Moscow, April 16, 1945

TOP SECRET

Sir,

I have the honour to enclose herewith four memoranda,[1] prepared by Mr. Arnold Smith, on (A) Soviet Attitude to Relief and Economic Reorganization Problems in Europe; (B) Soviet Attitude to International Transportation Coordination; (C) Certain Aspects of Soviet Diplomatic Techniques; and (D) Some Reflections on Bargaining Points and Materials for a Strong Policy by the Western Democracies. These studies are intended as background to explain certain conclusions which recent events have suggested:

(i) That the Soviet government at present seems intent on creating relatively exclusive zones of influence for itself in Europe and probably elsewhere.

(ii) That the Soviet government seems at present unwilling to cooperate seriously in international economic planning, or to contemplate meshing the economies of countries in "their" zones of Europe with those of the rest of the continent and the world. It is intended, however, that they be closely integrated with the economy of the Soviet Union.

(iii) That there has recently been a marked deterioration or stiffening in Soviet diplomatic techniques during the first three months of 1945, and an attitude of increasing unwillingness on the part of the U.S.S.R. to cooperate closely and frankly with their major Allies, especially in matters affecting the "Soviet" sphere in Europe.

(iv) That it is therefore time for a firm diplomatic line to be taken by the Western powers in their dealings with the Soviet Union, and that it is also desirable to consider building up those areas in Europe and elsewhere where Western influence is or can be dominant.

(v) That continued Western firmness may induce the Soviet Government to modify, at least temporarily, its present clearly isolationist trends.

(vi) That cooperation between the Western powers and the Soviet Union is in any case not ruled out. But it will have to be on rather other terms than those generally contemplated during recent years.

2. It seems that the Soviet Government at present intends that its post-war influence in Poland, Czechoslovakia, Romania and Bulgaria will be not only predominant but in effect more or less exclusive. This determination is illustrated by their insistence on Communist-controlled governments in these countries, and by other points mentioned in the attached memoranda. The Soviet government has decided to have a firm military alliance with

Yugoslavia, and despite the secret "50-50" understanding regarding this country concluded last autumn in Moscow with Mr. Churchill it seems almost inevitable that Soviet influence with Marshal Tito and his supporters will be so predominant as to be exclusive in fact if not in form. The Soviet Government insisted on a Communist,[83] Mr. Fierlinger, being appointed Prime Minister of Czechoslovakia. It remains to be seen whether Soviet exclusivity will be possible here, whatever they wish. The Czech Government has already tried, on Soviet pressure, to delay or restrict the establishment of a United Kingdom Embassy in liberated Czechoslovak territory.

3. There is no reason to believe that Soviet zones of exclusive influence will be limited to Europe. It is significant that at the recent Trade Union Conference in London the Soviet delegation suggested that invitations be sent to the trade unions of the special areas in Iran and China. Regarding China, we understand that the Chinese Communists (who seem to have been more far-seeing and efficient than the Kuomintang) have predominant influence among the guerilla organizations in Japanese-occupied parts of northern China. Soviet control over the Chinese Communist Party seems to be at present non-existent or slight. But if the Soviet Union enters the Pacific war it is an easy guess that the Red Army will fight primarily in northern China and Manchuria. Close military cooperation must therefore be developed between the Red Army and the Communist guerillas. It is probable that after the war this military control of Russian communists over Chinese Communists will be to some extent at least perpetuated in the transposed form of political control.

4. It also seems clear, as the two attached memoranda on economic planning show, that the Soviet Government is at present unwilling to cooperate seriously in effective international economic planning, or to allow the economies or transport systems of countries in "Soviet" zones of Europe to be meshed with those in the rest of Europe. The Soviet Government has nevertheless been unwilling to state frankly its general policy in this field. Almost every suggestion of world or European economic and social coordination is accepted or even welcomed in principle. In each specific case, however, various reasons have been given for avoiding active coordination — reasons none of which seem quite plausible. When Soviet policy in all these economic and transport fields is considered together the conclusion is unescapable that the Soviet government does not in fact wish to take part in such activities. Organizations in which they have thus far refused to take part, and in some cases whose very existence they have tried to prevent or postpone, are the European Economic Organization, the European Inland Transport Organization, the International Civil Aviation Organization, the United Maritime Authority, etc. A detailed examination of Soviet policy regarding UNRRA, of which the Soviet Union has become a member, reinforces rather than weakens our general conclusion.

5. Virtually the only functional economic and social organizations in which the Soviet Union wholeheartedly participates seem to be those in which they

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[83]Note marginale:/Marginal note:
Social Democrat.

commit themselves to little in the way of concrete action, and obtain the maximum in propaganda effect. The leading example here is the World Trade Union Organization which the Communist Party seems to be making a serious effort to "capture".

6. The memorandum on certain recent aspects of Soviet diplomatic techniques lists a number of facts which, if it is granted that the emergent pattern is more than coincidental and is therefore not irrelevant, call for the most serious consideration. The patent falsity of many of the explanations given for Soviet policy, and the virtual disregard of certain obligations freely assumed, is new. There is thus some reason to believe that a basic change in the directions of Soviet policy has recently been decided upon in the direction of more "isolationism". Alternatively this switch may always have been the Soviet long-term intention to be put into effect only when the military threat of Germany is removed. In any case, it would seem that the Western powers must not only reconsider their interpretation of Soviet policy, but also seriously reconsider their own policies in the light of this reinterpretation.

7. The United Kingdom and United States Ambassadors in Moscow have been reluctantly forced to the conclusion that it is now essential for the Western powers to adopt a much stiffer attitude in diplomatic relations and policy regarding the Soviet Union than has been followed at any time during recent years. I understand that Mr. Churchill is now also of this opinion, and that Mr. Roosevelt came reluctantly to a similar tentative decision shortly before his death. Events have forced us to general agreement with this view.

8. It is quite possible that if the Western powers adopt at once a strong and realistic policy, along the lines described in the attached memoranda, the Soviet Union can be brought to modify its present clearly uncooperative and isolationist attitude. They may also modify some of their more unsatisfactory diplomatic techniques. They may thus be forced to reconsider, more favourably, the advantages of closer cooperation with the rest of the world, on a less exclusively "spheres-of-influence" basis. This seems to us the one hope of realizing even a slight approach to the widely-held ideal of "One World".

9. In any case, whatever the results of the strong "educational" technique described in the latter paragraphs of the attached Memorandum "C" on diplomatic techniques, and particularly in Memorandum "D", it would seem essential for the Western powers to concentrate without further delay on the building up of areas in western and southern Europe which during the emergency period are our main responsibility and the populations of which can in the post-war period be our reliable friends. In this connection an early and adequate supply of relief necessities, and an improvement in the food situation, would seem essential, if serious disorders are to be minimized and if Communist influence is to be kept within reasonable limits in these countries. The real dangers of Communist influence lie, of course, not in their social and political philosophy but in the fact that they seem so often to be in effect instruments of the external policy of a foreign Great Power, the U.S.S.R., whose long-term willingness to cooperate with the United Kingdom, the United States, and ourselves, cannot necessarily be predicted with confidence.

10. From a more long-run point of view it is suggested in Memorandum "D" that it would also seem desirable for Western civilization to play an energetic part in the economic, social and political development of backward populations in the Middle East, China and Africa. Such a policy is obviously desirable from a humanitarian point of view. It can also be economically useful as a necessary field for investing the surplus capital of North America during the coming decades and thus as one safeguard against unemployment. This economic development should go hand in hand with educational, propaganda and political programs designed to bring these "backward" populations into contented and therefore reliable partnership with Western democratic civilization. This policy alone can make democratic civilization permanently and overwhelmingly strong. Since the Soviet Government seems always careful to maintain a relatively free hand in foreign policy, and has demonstrated its ability both to make quick reverses in policy (e.g. 1939) and to bully when it feels its own position sufficiently strong, such a nurturing of potential friends and allies is the best long-run political guarantee of continued Soviet cooperation and thus of our security.

11. Considerations both of short-run tactics — "educational techniques" for dealing with Soviet intransigence — and of long-run objectives thus seem to coincide. Consolidation of Western civilization's strength seems under the circumstances the most effective permanent safeguard of future world peace.

12. There is inevitably some danger in a world divided into blocs, but the point is that since the Soviet Union now seems in any case determined to have a powerful bloc of its own, a bloc of Western civilization would seem necessary by default. The chief danger to avoid is thus not a Western bloc, but two distinct and exclusive "British" and "American" blocs which would compete between themselves.

13. It must be emphasized however that though these conclusions, if accepted, are profoundly disappointing, and indeed call for very serious discussions, there is nevertheless no reason whatever for alarm. There is no reason to feel that the Soviet Union will be aggressive at any forseeable period in the future. But a totalitarian dictatorship inevitably lacks those internal checks and balances which are the most dependable guarantee of continuing moderation. It is not true that power always corrupts, but it is true that absolute power *can* corrupt. A long-run policy of increasing the strength of Western civilization, coupled with a flexible diplomatic technique which would use firmness against firmness, yield advantage usually only against advantage, and that would always be ready to encourage cooperation but would offer no temptation through softness of the undue seeking of expansionist advantage, would seem a necessary educational technique. Such a technique may in the long run integrate the Soviet Union more closely with the rest of the world by continual objective demonstrations of the immediate material benefits of such a course.

14. Even though the Soviet Union insists for the time being on pursuing and consolidating its spheres-of-influence policy on a rather isolationist basis, there is no reason to feel that cooperation between the Great Powers and indeed

between all nations will not be possible. This cooperation will nevertheless have to be on terms which take full cognizance of the Soviet point of view and methods.

15. There is no reason to believe that the Soviet Government is not sincere in its desire to take part in an effective World Security Council if on the terms agreed on at Dumbarton Oaks and the Crimea. Cooperation in innumerable other specific fields will also be possible, though it now seems certain that the Soviet Union will only be interested in such specified and carefully delimited fields of cooperation as contain clear material benefit to themselves, or alternatively which involve relatively limited commitments and appreciable gains in prestige or propaganda opportunities. It now seems clear that the dream, which many people especially in England have held, of cooperation with the Soviet Union on something approaching the intimate, frank and relatively free and easy basis which typifies for example Anglo-American relations, will not be possible of realization for some decades to come.

16. It should be borne in mind that there are almost certainly no sinister intentions whatever behind present Soviet policy. It is possible that cooperation between Western powers and the Soviet Union on any other basis than that outlined here, must inevitably have been foredoomed to failure in view of the totalitarian nature of the Soviet economy and of Soviet civilization. To a democrat a 90% majority represents overwhelming security: to a totalitarian a 10% opposition means a potential source of mortal danger. This explains a lot, in the differing approaches to post-war cooperation.

17. Given tacit acceptance therefore of the spheres-of-influence theory which the Soviet Government must have had always in mind, even in their most apparently liberal and cooperative moments, Soviet leaders probably sincerely feel at least as much cause for righteous indignation with United Kingdom and United States policy as many of us must feel towards theirs. While there have been occasional hints in the Soviet press that a West European Bloc or any United States concept of an "Atlantic civilization" based on sea power is contrary to Soviet desires, there has been relatively little real evidence of Soviet moves to prevent the materialization of such groupings, and many signs of Soviet encouragement. Soviet leaders must feel their own philosophy, methods, and objectives as natural, and have their own outlook as unconsciously but deeply coloured with their own techniques and ideals, as we westerners do with liberal methods and our "non-exclusivity" aims. In the light of this psychological background, the repeated efforts by the United Kingdom and United States Governments to interfere in Romania, Poland, and other territories near the Soviet Union must have seemed capable in Soviet eyes of most sinister explanations.

18. We cannot help feeling therefore that the honeymoon period of collaboration between the Western powers and the Soviet Union is — at least for some years — over. Excellent possibilities of sincere and mutually beneficial cooperation nevertheless remain, if the problems are approached without illusion and without weakness.

19. During the last few days — since April 10th — there have been signs that the Soviet Government has become alarmed at the stiffening in Western attitudes of press and diplomacy. There had been a very strong personal message from Mr. Churchill to Marshal Stalin, sent with President Roosevelt's approval, which produced in effect an apology from the Marshal and a hint of concessions. On Friday, 13th April, shortly after President Roosevelt's sudden death, Mr. Harriman saw Marshal Stalin and found him accommodating and reassuring. There will probably now be some concessions with regard to special fields. This swing toward a more cooperative policy is in our opinion a verification, not a modification, of the general memoranda. It is indeed reassuring to find that the Soviet leaders are so sensitive and susceptible to Western firmness.

I have etc.

LÉON MAYRAND

**1226.** DEA/2-AEs

*Mémorandum de l'adjoint, le ministère des Affaires extérieures*

*Memorandum by Assistant, Department of External Affairs*

TOP SECRET [Ottawa, n.d.]

RE: DESPATCH NO. 193 OF APRIL 16TH FROM MOSCOW

Enclosed with this despatch are four memoranda[1] by Mr. Arnold Smith dealing with Soviet foreign policy. (A) Soviet Attitude to Relief and Economic Reorganization Problems in Europe; (B) Soviet Attitude to International Transportation Co-ordination; (C) Certain Aspects of Soviet Diplomatic Techniques; and (D) Some Reflections on Bargaining Points and Materials for a Strong Policy by the Western Democracies. The conclusions of the memoranda are summarized in the covering despatch.

Broadly stated Mr. Smith's thesis is that since early 1945 Soviet foreign policy has undergone a change and that the Soviets are now pursuing a policy of creating a *cordon sanitaire* in reverse in which Soviet influence will be exclusive. Mr. Smith feels that this leaves no alternative to the United States and United Kingdom but to create a strong western bloc, in which western influence would be paramount, and to pursue a firm policy of "yielding advantage only against advantage" as an "educational technique" to teach the Soviet Union that non-co-operation does not pay. At the same time Mr. Smith argues that the western powers should adopt a vigorous progressive policy in the colonial areas, which would turn colonial peoples into reliable friends of the western powers.

Mr. Smith insists, however, that the Soviet Union "has no sinister intentions whatever" nor any intention of being aggressive in any foreseeable period in the future. The purpose of a united western bloc, pursuing a tough policy vis-à-vis the U.S.S.R., should be merely to induce the latter to "integrate" its economy and policies with those of the western powers. This policy would in effect confront the Soviet Union, a Socialist state, by a bloc of "western", i.e.

capitalist powers (for in this context China is also a "western" power) whose aim would be to induce the U.S.S.R. to "mesh" its economy with that of the capitalist world. Mr. Smith does not discuss the probable reaction of Soviet leaders to this policy of pressure and encirclement, but it is difficult to see how it would fail to arouse those very suspicions, which the western powers have been attempting to allay, and which have resulted in the Soviet Union taking unilateral actions to forestall the sort of encirclement which is here envisaged.

It may be added by way of comment that these long-standing suspicions are no doubt behind the Soviet reluctance to participate in the European Economic Council and to give the UNRRA a free hand in Eastern Europe, which is considered by Soviet leaders as of crucial strategic importance for the defence of the Soviet Union. The policy of pushing internal reforms in Eastern Europe and of supporting those Governments which by their actions would be unalterably committed to a long-term policy of co-operation with the Soviet Union is likewise based upon the fear that in the absence of such a policy these states might eventually be used as bridgeheads for an attack on the U.S.S.R., as indeed they were in 1941.

With regard to the European Inland Transport organization, the main Soviet objection to participation was the unresolved Polish problem — a political rather than an economic issue. My own opinion is that political considerations likewise apply in the case of the Civil Aviation Conference. The bloc-voting which was a feature of this Conference might have resulted in the Soviet Government facing the alternative of either accepting certain decisions without being certain of what the shape of the post-war world would be, or of withdrawing from the Conference while it was in progress and thus perhaps wrecking it completely. On balance it may be just as well that the Soviet Union stayed out and permitted it to make at least some progress.

In Memorandum "C" on Soviet Diplomatic Techniques, Mr. Smith lists a series of incidents all showing that the Soviets can employ, though perhaps not too smoothly, such time-honoured diplomatic devices as ambiguity, procrastination, evasion, and even prevarication, and goes on to advance the thesis that the United Kingdom and the United States have hitherto pursued the policy of "turning the other cheek" to Soviet rudeness. This "soft" policy applies, of course, only on the procedural level.

On the plane of high policy, however, neither the United Kingdom nor the United States can be accused of having been supinely acquiescent. In paragraph 11, Mr. Smith points out that as far back as 1942-43, the Soviets made repeated attempts to come to an understanding, particularly with the United Kingdom, on such problems of first importance as the Baltic States, the Polish frontiers and government, Yugoslavia, and above all the future of Germany.

Mr. Smith fails, however, to draw the rather obvious conclusion from the Soviet failure to achieve this understanding. The firmness of the United Kingdom in refusing to commit themselves on these issues cannot have been very reassuring to the Soviet leaders, particularly in the light of their experience of 1938-39, when they found themselves completely isolated and

faced with the alternative of either fighting Germany without any assurance that France and Great Britain would also participate to the limit of their resources (which in the light of the "Maginot Line" mentality then prevailing, as well as of the unfortunate experience of the Spanish Non-Intervention Committee, was not an unreasonable suspicion), or of making unilateral accommodation with the enemy they had been consistently denouncing since 1933.

It would be naive to expect the Soviets to be completely reassured as to their political future by the fact that after the blitz began the United Kingdom had put up a magnificent resistance, since the United Kingdom consistently kept putting off political problems until "the peace conference". This attitude aroused the strong suspicion that the United Kingdom expected the Soviet Union to be so weakened by the war, that the latter would willy-nilly have to accept the verdict of the other powers on matters of first importance to Soviet security. It was this suspicion which underlay the second front agitation, as well as the Soviet decision to proceed, in the absence of agreement with the United Kingdom, to make as many unilateral decisions as possible in order to have a strong bargaining position at the final settlement. The efforts of the United Kingdom to associate the United States with its policy in Eastern Europe and Iran merely strengthened Soviet suspicions. Instead of lessening these suspicions, the end of the war with its attendant confusion in Germany has intensified them.

In 1939 Stalin warned against attempts to force the Soviet Union "to pull other people's chestnuts out of the fire". This warning remains the cardinal principle of Soviet foreign policy. Now the chestnuts have been saved, but the question how they are to be divided and who is to eat them has not yet been settled. This situation coupled with the irresponsible newspaper talk about an inevitable third world war against the Soviet Union must give at least as much cause for concern in Moscow, as Moscow's actions produce in London, Washington and elsewhere. It could be argued that the Soviets should have felt enough confidence in themselves and their allies to take a chance on obtaining a square deal. But perhaps the experience of France after the last war made them feel that they must ensure their own security even at the risk of temporarily antagonizing their allies.

In Memorandum "D" entitled "Our Own Cards" Mr. Smith discusses the bargaining counters which could be used by the western powers in forcing the Soviet Union to adjust its policies to the wishes of their Allies. (1) The Allies could make use of their control of the more industrialized portions to Germany to grant or withhold reparations to the U.S.S.R. (2) The Allies should not commit themselves to any long-term loans for the U.S.S.R., but should grant loans and renew them for one year at a time regardless of the effects of such a policy on internal employment. (3) By investing more in India, China and other Asiatic countries than in the U.S.S.R., the Allies could make these countries gravitate towards them rather than towards the Russians. (4) Similar policies should be followed in Western Europe and particularly in Italy and Spain to encourage democratic regimes and draw them closer to the Western Allies. (5)

The Allies should utilize public opinion in the democracies to put pressure on the Soviet Union, since in Mr. Smith's opinion the Soviets are particularly sensitive to what is being said about them. In the last paragraph (p. 5 Memo. D) there is mentioned an expedient recently adopted by the United Kingdom Embassy to circumvent Soviet censorship. The Embassy now transmits by cypher those portions of correspondents' despatches which have been deleted by Soviet censors. These telegrams are then shown to the newspaper editors for their background information.

These five "cards" described by Mr. Smith presuppose a considerable degree of unanimity among the western powers with regard to financial policies, reparations, colonial policies, attitudes towards liberated areas and towards the Soviet Union, which can hardly be said to exist. Mr. Smith's approach assumes also that the people of Europe would be quite ready to support governments which would pursue a "tough" policy. It is rather difficult to conceive the French as willing to run the risk of a fourth invasion of their country in order to bolster the bargaining. This probably is true also of the British people. Even in the United States, where anti-Soviet attitudes cannot be attributed entirely to the recent actions of the Soviet Government, the pressure of public opinion has compelled Mr. Stettinius to adopt one of Walter Lippmann's recent criticisms of the State Department as a statement of the Department's own policy. The recent statements by Mr. Grew[84] and by a group of the State Department's heads of divisions, as well as President Truman's actions in seeking to improve relations with the U.S.S.R., indicate that it is futile to seek a solution of European problems by organizing pressure blocs.

Mr. Smith's memoranda are useful in drawing attention to the difficulties of dealing with the Soviet Union. These difficulties, however, will not be removed either by politeness or by "toughness" on our part, but only by persistent effort to face troublesome problems and to solve them before they have become explosive issues. In any such solutions the limits of our effective intervention should be clearly recognized.

L[EO] M[ALANIA]

**1227.** DEA/7786-40

*Mémorandum*
*Mémorandum*

CONFIDENTIAL [Ottawa, June 1945]

**VISIT TO THE U.S.S.R. OF GROUP OF CANADIANS FOR THE CELEBRATION OF THE 220TH JUBILEE OF THE ACADEMY OF SCIENCES AT MOSCOW AND LENINGRAD[85]**

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[84]Joseph Grew, sous-secrétaire d'État des États-Unis, décembre 1944-août 1945.
Joseph Grew, Under-Secretary of State of United States, December 1944-August 1945.
[85]Note marginale:/Marginal note:
Prepared by Miss Sonya Moravely. R. G. R[iddell]

Invitations were sent in the latter part of May by the Soviet Academy of Sciences to Norman A. Mackenzie, President of the University of British Columbia, Mr. D. A. Skelton of the Bank of Canada and Prof. Harold A. Innis, of the University of Toronto, to attend the anniversary celebrations of the Academy to be held in Moscow and Leningrad between June 15 and 28. [1945]. Two organizations, the Canadian Geographical Society and the Royal Society of Canada, were also asked to send delegates. The invitations were transmitted through the Soviet Embassy in Ottawa and the Department of External Affairs was not officially notified until June 2, but the recipients of invitations were in touch with the Department before this date and the matter had been brought to the attention of the Prime Minister. In view of the obvious advantage of establishing personal contact with Russian scientists, it was decided that the Government should cover the travel expenses of all Canadian delegates up to the point where they would transfer to a Soviet plane and, if necessary, all travel expenses of the two representatives of societies. In the case of individual invitations, it had been made clear that the recipients would be the guests of the Soviet Government while on Soviet territory. The Department also agreed to arrange transportation and possible priorities for the trip across Canada.

Due to the short notice and pressure of other duties, President Mackenzie and D. A. Skelton, as well as Professor J. D. Cockcroft and Professor Rudolf Peierls who received later invitations, found it impossible to undertake the trip. Dr. Hans Selye, Associate Professor of Histology at McGill University, was chosen to represent the Royal Society, and A. E. Porsild, Curator of the National Herbarium, went on behalf of the Canadian Geographical Society.

Dr. Selye, A. E. Porsild and Professor Innis left Rockcliffe Airport on June 6, 1945, and reached Fairbanks two days later. There a Soviet plane was waiting to fly them the rest of their journey to Moscow. The Canadian delegates were told that they were at liberty to stop over at any point in Siberia which they considered to be of interest and they took advantage of this offer in several cases. Both Mr. Porsild and Professor Innis were struck by the recent development of industrial centres such as Novosibirsk which grew from 100,000 inhabitants in 1931 to 900,000 now, Omsk and particularly Sverdlovsk, mostly towns which have benefitted by the movement of industry from the Ukraine during the war. Professor Innis also comments on the museums which he found in these towns; some of these have excellent collections referring to geographical development, history and national resources, but even those which are on a lower level stimulate interest and cultivate a regional pride which the government encourages within the framework of the Union. The scientists had no complaint of not being shown enough, they rather felt that they were seeing too much in too little time.

In Moscow, the Canadian delegates heard a number of papers read by Academicians and gained a fair picture of the achievements of Soviet science to date. On the whole, they agree that these achievements have been vastly overestimated, and that only about 25% of Soviet science is equal to or above the level of American science. The Russians do, however, excel in some fields,

particularly in botany, mathematics and arctic research. In connection with the latter, Mr. Porsild, while in Leningrad, met the leading personalities of the Northern Sea Route Administration and had its system explained to him. He found that the Administration disposes of 77 experimental stations distributed in the Arctic area. In addition there are numerous individual investigators who co-operate in their projects. It is the practice for a scientist interested in some phase of Arctic research to be assigned for a certain period of time to the Administration, which in turn sends him for short periods to live and work at the experimental stations. After this experience the scientist returns to his Academy to work over the material he has gathered. Mr. Porsild felt that a great deal could be gained by sending Canadian scientists for limited periods of time to work and study with the Northern Sea Route Administration. He found the Russians eager to exchange material; they offered to send us 40,000 specimens of Arctic flora for study in Canada.

A good deal of original work has also been done in systematic botany and in chemistry, and the standard in mathematics is about the same as in America. Among individuals, the Canadians mentioned Kapitsa, a chemist working on the liquefaction of gases, and Engelgart, working on muscular proteins, as being first rate. On the whole, however, Soviet medical research was found to be far behind that of other countries. In botanical ecology, the reports presented by the Academy were not above the level of standard college text books.

The Soviet Government has given equal encouragement and financial support to all scientists regardless of their special field. The uneven character of Soviet science is attributed by the Canadian delegates to several reasons. Mr. Porsild felt that the very eagerness of the Soviet Government to develop all branches of science in the shortest possible time had led in some cases to the appointment of inferior or insufficiently trained men to highly responsible positions. But there is little doubt that, more than any other factor, VOKS has impeded the progress of scientific research. VOKS isolates the Soviet Union from practically all scientific publications printed abroad; since neither of its two leading figures is a scientist, the main function of this "Society for Cultural Relations with Foreign Countries" seems to be strict political censorship of scientific contacts. Professor Selye found that none of the papers and books he has been sending to friends in the Soviet Union ever reached their destination. Many of the visiting scientists refused to attend a reception given in their honour by VOKS during their stay in Moscow. (In connection with censorship of scientific news, it is interesting to note that of the 30 British scientists invited by the Soviet Academy to the jubilee celebrations, 8 were refused permission to travel by the British government; according to a Reuter despatch, "their services were too essential in the prosecution of the war against Japan".)

Professor Innis points out another reason for the backwardness of Soviet science, namely the subordination of learning to political dogma. This is particularly apparent in an emphasis on practical results in preference to theory. Social sciences and philosophy are neglected while utilitarian science

and research leading to the exploitation of national resources is greatly encouraged. Libraries have vast collections of revolutionary literature, and speeches at the Academy repeatedly mentioned the debt science owes to Stalin. Nevertheless, Professor Innis felt that the history papers he heard were paying this tribute to the State mostly as a gesture of courtesy and that, in spite of this ritual, the speakers were not losing sight of the fundamental aims of learning. It is noteworthy that the Pavlov Institute, unlike all other scientific institutions visited, contained no political pictures or slogans. Pavlov himself had been opposed to the Bolshevist regime and his attitude seems to be respected in this way even after his death.

In the choice of subjects, the influence of State-sponsored ideologies is very apparent; the history papers showed a marked emphasis on the pan-Slavonic movement and a great deal of archaeological work had been done on the movement of Slav populations. A strong pan-Slavonic feeling pervaded the meetings of the Academy and contributions of Slav delegates met with extraordinary enthusiasm. Other papers dealt with economic history, agrarian problems and peasant movements. In general, the standard of the history papers was highest when they were concerned with distant countries.

Probably the most powerful impression the Canadian delegates carried away from Moscow was produced by the prestige which science holds in the Soviet Union. It is characteristic that during the war, when all production of civilian goods was at a standstill, the printing of books remained unaffected and scientists carried on their research under normal conditions. A banquet given for the visiting delegates was attended by Stalin, Molotov and Kalinin.[86] Even in Novosibirsk, the mayor of the town came to breakfast to honour the Canadian scientists. In terms of money, the jubilee cost the Soviet government 10 million rubles — a sum no other government would be willing to spend on an undertaking of that kind.

Australia already has a scientist, Mr. Ashby, attached to her legation in Moscow and all three Canadian delegates strongly recommend that Canada follow her example. They feel that science is one basis upon which a normal, uninhibited relationship could develop between the Soviet Union and the outside world. During their stay in Moscow and in Leningrad, they found no difficulty in freely exchanging information with their Soviet colleagues and, in spite of VOKS, they carried away a large volume of publications given to them and left behind others which they had brought.

An interesting point put forward by Professor Innis concerns the indivisible character of science as represented by the Academy of Sciences in Moscow. All minor scientific institutions, of which there is a large number, report to the Academy on their findings, competition such as it exists in other countries is eliminated by the absence of private industry or universities. The ultimate aim of all science is the search for truth and in view of this aim all its various sections must be regarded as inter-dependent and not form water-tight

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[86]Président, Présidium du Soviet suprême de l'Union soviétique.
President, Presidium of Supreme Soviet of Soviet Union.

compartments as they often do in America. In this connection, Professor Innis felt that the rigid control of the press and the absence of advertising, the former of which he otherwise found extremely irritating, had a beneficial effect insofar as it checked sensationalism and the resulting search for publicity on the part of scientists. In the U.S.S.R., science as a whole is conceived as a social weapon and organized as such. From the organizational point of view even medical science, backward in other respects, is seen at its best.

Professor Selye applied to the Department of External Affairs for permission to be allowed to return to Canada via Stockholm and London. But in view of increased cost of transportation and lack of accommodation, this was considered undesirable and he and Professor Innis returned the way they came with stop-overs in Sverdlov, Novosibirsk, Kirensk, Yakutsk and Fairbanks.

Mr. Prosild was in a somewhat different position insofar as he speaks Swedish and was requested by the Department of Mines and Resources to do some research work for it in Sweden. He therefore returned from Russia via Helsinki, Stockholm, Copenhagen and London. He found little damage in Helsinki. A curious thing was that during the bombing of the city the Russians had repeatedly hit the botanical gardens which lie outside Helsinki proper. Their accuracy of fire, however, was quite good on the whole and he thought the explanation was that the Russians wished to frighten the Finns but not to damage the city. He found the Finns apprehensive about the future. A friend who greeted him at the Soviet controlled Helsinki airport said: "Welcome to Finland — at least to what we hope will some day be Finland."

The main problem of the Scandinavian countries was shortage of fuel. In Finland there is the added problem of food. To solve the fuel problem the Finns and the Danes had resorted to using peat which is plentiful in both countries. The Finns were also extracting oil from shales which are not usually considered as oil-bearing. This was a new and interesting development. In Sweden electrification had been carried so far during the war that all railways are now electrically operated, and power was being exported by cable to Denmark.

The most apprehensive atmosphere seemed to prevail in Stockholm. The Swedes were worried about Bornholm, though they were relieved that the Russians had not occupied the Aaland Islands. In Denmark, however, there seemed much less anxiety over Bornholm. Fairly decent relations had been established with the Soviet authorities and the Danes seemed to believe that the Russians would eventually leave the island. In the Scandinavian countries, Porsild found that scientific activities had been disrupted by the war. In the U.S.S.R., however, scientists had been allowed to carry on and the Soviet Government had continued to expand their facilities particularly in the fields of research related to practical science.

An unpleasant incident occurred as a result of an interview which Dr. Selye gave to the press in Montreal. Articles appeared on July 11 in the *Montreal Gazzette* and the *Ottawa Citizen* entitled "Moscow Wanted Wedding Ring, McGill Man Sold Reds His Pants" and "Bought Valuable Tapestries With Pair of Trousers" respectively, in which undue prominence was given to two unimportant anecdotes which Dr. Selye had told his interviewers, and in which

no or little mention was made of the achievements of Soviet science or of the sacrifices of the Soviet people during the war. The Soviet Ambassador in Ottawa apparently got the impression that Dr. Selye's interview had dealt exclusively with the shortage of clothing and of gold for dentistry in the Soviet, and this impression was conveyed, somewhat indignantly, to a member of the Department informally by Mr. Pavlov, a Secretary in the Soviet Embassy. It was later learned from Dr. Selye that he had been misrepresented insofar as he had told the reporters at length about scientific progress in the Soviet Union and had only casually mentioned the acquisition of two tapestries for a pair of trousers and the attempted purchase of his wedding ring by a Soviet engineer. It was agreed that in their present form, the two articles would inevitably appear ungracious, particularly in view of the hospitality extended to the Canadian scientists, and it was therefore suggested to Dr. Selye that he write to the *Ottawa Citizen*, correcting the false impression previously produced and send a copy of his letter to the Soviet Ambassador. Dr. Selye followed this advice and wrote a separate letter to Mr. Pavlov explaining what had happened and pointing to a series of other articles which had already appeared or were to appear in various Canadian publications as proof of his good will. On July 19, *Pravda* published a humorous but very sharp attack on Dr. Selye under the title "The Breeches of Mr. Selye", but the following day *Izvestia* and a number of other Russian newspapers seemed pleased about the articles published in the *Toronto Star* by Dr. Selye and in the *Globe and Mail* by Professor Innis and paraphrased them under the title "Canadian Scientists on the Achievements of Soviet Science." The sale of Dr. Selye's trousers had no further repercussions, except for a brief article in *Time* Magazine, written in its usual style, in which the disparagement of Dr. Selye by *Pravda* was contrasted with the recognition he had recently received from the Sugar Institute of the United States for his work on the effect of sugar upon blood. The favourable comment by *Izvestia* was, of course, not mentioned by *Time*.

**1228.** DEA/8159-40

*Traduction d'une note de l'ambassade de l'Union soviétique*

*Translation of Note from Embassy of Soviet Union*

No. 35 Ottawa, September 7, 1945

The Embassy of the U.S.S.R. in Canada presents its compliments and has the honour to inform the Department of External Affairs of the following;

A colleague of the Embassy, Igor Sergeievitch Gusenko, living at 511 Somerset St., failed to report for work at the proper time on the 6th. September.

In connection with this and for the purpose of clarifying the reasons for the failure of I. Gusenko's reporting for work, Consul V. G. Pavloff and two other colleagues of the Embassy visited the apartment of I. Gusenko at 11:30 on the 6th. Sept.

When Mr. Pavloff knocked at the door of Gusenko's apartment no-one answered. After this the apartment was opened by the above-mentioned colleagues of the Embassy with Gusenko's duplicate key, when it was discovered that neither Gusenko, nor his wife Svetliana Borisovna Gusenko, nor their son Andrei, were in the apartment.

It was later established that I. Gusenko robbed some money belonging to the Embassy and had hidden himself together with his family.

At the time when Consul Pavloff and the two other colleagues of the Embassy were in Gusenko's apartment, i.e. about 11:30 p.m. Constable Walsh of the Ottawa City Police appeared together with another policeman and tried with a rude manner to detain the diplomatic colleagues of the Embassy, in spite of explanations given by Consul Pavloff and the showing of diplomatic cards.

As a result of the protest expressed by Mr. Pavloff, Walsh called Inspector of the City Police Macdonald, who appeared at the Gusenko apartment in fifteen minutes, and also in a rude manner demanded that Consul V. G. Pavloff and the other diplomatic colleagues of the Embassy go with him to the Police Station, refusing to recognize the diplomatic card shown by Consul Pavloff.

Upon the refusal of Mr. V. G. Pavloff to go to the Police Station, Mr. Macdonald went away, leaving a police-man in the Gusenko apartment with the colleagues of the Embassy, for the alleged purpose of finding out who it was who had notified the police of the "forced entry" (lit. "breaking the door") into the Gusenko apartment.

Consul V. G. Pavloff and the other two colleagues of the Embassy, after waiting for Mr. Macdonald to return for 15 minutes, left, having locked the Gusenko apartment.

The Embassy of the U.S.S.R. asked the Dept. of External Affairs to take urgent measures to seek and arrest I. Gusenko and to hand him over for deportation, as a capital criminal, who has stolen money belonging to the Embassy.

In addition, the Embassy brings to the attention of the Department of External Affairs the rude treatment accorded to the diplomatic colleagues of the Embassy by Constable Walsh and Inspector of the City Police Macdonald, and expresses its confidence that the Department will investigate this incident and will make those guilty answerable for their actions.

The Embassy asks the Department that it should be informed of action taken in relation to the above.

**1229.** DEA/8159-40

*Le secrétaire d'État aux Affaires extérieures à l'ambassadeur de l'Union soviétique*

*Secretary of State for External Affairs to Ambassador of Soviet Union*

No. 30 Ottawa, September 11, 1945

Excellency —

I have the honour to refer to your note No. 35 of September 7 with regard to the case of Mr. Gusenko.

The Canadian authorities have been asked to make every effort to find Mr. Gusenko and his family with a view to investigating the charges which you have made against him. When Mr. Pavloff of your Embassy discussed this matter by telephone at the beginning of the week, it was suggested that it would be helpful to the Canadian authorities if full particulars could be furnished. It would be important to obtain not merely descriptions of the missing persons, but also complete information as to the money or other items which Mr. Gusenko may have taken from the Embassy, and such evidence as you may have available to establish the charge of theft.

You will, of course, understand that, under the laws in force in Canada, it is impossible to comply in all respects with your request. The Canadian Police have no legal authority to arrest Mr. Gusenko and hand him over to your Embassy for deportation. If they adopted such a course, they would be open to civil action and the effectiveness of the proceedings could be challenged by *habeas corpus*, involving a complete enquiry into the circumstances and the release of the accused if it were established that the arrest was designed to enable him to be handed over within this country to a foreign authority.

In your note, you have made a complaint with regard to the rude treatment accorded to Mr. Pavloff and his associates by Constable Walsh and the Inspector of City Police, Macdonnell. It is a matter of very great regret that any Canadian Police authorities should fail in their duty to accord due courtesy to the persons with whom they are dealing, and it is particularly unfortunate that there should be any lack of courtesy in dealing with members of your Embassy. I hope that you will bear in mind the special circumstances including the lateness of the hour and the fact that the apartment had been entered without the authority of the tenant or a magistrate's warrant. The Police authorities in such circumstances cannot be too severely criticized for questioning the claims to diplomatic status of Mr. Pavloff and his party, and for doubting their credentials.

If an occasion arises in the future when you desire to enter these premises, arrangements will be made to apply for the necessary authority. In the

meantime, under arrangements which were discussed by Mr. Pavloff by telephone, the apartment is being closed and sealed.

Accept etc.

N.A. ROBERTSON
for the Secretary of State
for External Affairs

**1230.** DEA/8159-40

*Traduction d'une note de l'ambassade de l'Union soviétique*
*Translation of Note from Embassy of Soviet Union*

No. 37 Ottawa, September 14, 1945

The Embassy of the U.S.S.R. presents its compliments to the Department of External Affairs and has the honour to acknowledge the receipt of the Department's notes Nos. 30 of the 11th. Sept., relating to the affair of I. Gusenko, and the note [*sic*] of the 14th Sept.,† acknowledging receipt by the Department of the Embassy's note No. 36 of Sept. 11th,† containing a description of Gusenko and his wife, and stating that the Royal Canadian Secret [*sic*] Police had been informed in order that it might be in a position to render assistance to the Embassy in the search for the above-mentioned persons.

Confirming its communication in the Note No. 35 of Sept. 7th, of the fact that Gusenko had robbed public funds, the Embassy, upon instructions from the Government of the U.S.S.R. repeats its request to the Government of Canada to apprehend Gusenko and his wife, and without trial, to hand them over to the Embassy for deportation to the Soviet Union.

The Soviet Government expresses the hope that the Government of Canada will fulfill its request.

**1231.** DEA/4930-40

*Le secrétaire aux Dominions*
*au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary*
*to Secretary of State for External Affairs*

TELEGRAM CIRCULAR D. 112 London, September 18, 1945

SECRET. My telegram 8th July, 1944, Circular D. 992.

In view of end of war, policy for disclosure of technical information and intelligence has been revised.

2. British information is, in future, to be supplied on basis of strict reciprocity.

3. With regard to German information and targets located within British zone of occupation, Commander-in-Chief has been instructed to permit

conducted Russian visits to German intelligence targets for strictly limited periods, subject to exclusion of certain specific targets. Commander-in-Chief is authorized to bargain as strongly as he wishes in any cases of worthwhile objectives in Russian zone of occupation.

4. United States authorities have been informed, and are understood to be pursuing similar policy.

**1232.** DEA/8159-40

*Note du ministère des Affaires extérieures à l'ambassade de l'Union soviétique*

*Note from Department of External Affairs to Embassy of Soviet Union*

Ottawa, September 20, 1945

The Department of External Affairs presents its compliments to the Embassy of the Union of Soviet Socialist Republics and has the honour to acknowledge receipt of the Embassy's note No. 37, dated September 14th, concerning the matter of Mr. I. Gousenko.

It is noted that the Embassy on instructions from the Government of the Union of Soviet Socialist Republics repeats its request to the Canadian Government to apprehend Mr. Gousenko and his wife and, without trial, to hand them over to the Embassy for deportation to the Soviet Union.

In reply the Department of External Affairs wishes to inform the Embassy that the question is being referred to the Department of Justice for the purpose of ascertaining the views of that Department on the Embassy's request.

N. A. R[OBERTSON]

**1233.** DEA/2-AEs

*L'ambassadeur en Union soviétique au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union to Secretary of State for External Affairs*

DESPATCH 368 Moscow, September 25, 1945

SECRET

Sir,

I have the honour to report that I arrived in Moscow a week ago yesterday and that since then I have been occupied in trying to pick up the threads of all that has happened during my absence from the Soviet Union of over five months.

2. I have come back to a situation entirely different to that which prevailed when I left. The Soviet Union during my absence experienced the end of two wars in which she had been engaged — the major war of survival with

Germany and her satellites and the brief war with Japan which she entered for the purpose of assuring her position as a Far Eastern power. Important international conferences have taken place at San Francisco, Potsdam and London which have provided the testing ground for the ability of the Soviet Union to cooperate with the outside world.

3. All of these developments are so complicated and of such world-shaking importance that it will take a considerable time before I become familiar with the Moscow background of the changed situation now awaiting my analysis. I ask your indulgence, therefore, in not expecting me to write with assurance upon the general international situation as viewed from Moscow until I have had the opportunity of taking up each phase of Soviet relations with the outside world. Only in this way can I recover my bearings in what is now for me the uncharted sea of Soviet diplomacy.

4. If you will be so kind as to bear this reservation in mind, I think it may be useful if I attempt in this despatch to set forth my preliminary impressions, tentative though they must necessarily be, on the general situation as disclosed by the conversations I have had so far with those in a position to know the facts.

5. The conclusion I am groping towards but do not yet feel sufficiently confident to state categorically is that the Anglo-Saxon powers are still a long way from finding the proper method of dealing with the Soviet Government. The United States Government have shown a refreshing readiness to assume more of the measure of responsibility that is commensurate with their great power. Unfortunately the advent of the Truman administration to power has coincided with the ascendency of those advisers who have been preaching "toughness" towards the Soviet Union. I am not sure if toughness for the sake of being tough may not at times take the place of that policy of being "firm but fair" which I would like to see applied to dealings with the Soviet Government. The United States Government have also taken as their starting point for the new policy the Yalta Declaration on Liberated Europe which brings them very definitely into clash with the Soviet Union in that part of Europe where Soviet power is paramount and where the Soviet government consider their interests to be most vital.

6. With the advent of Labour to power the United Kingdom Government appear to have abandoned any attempt to maintain a balance between the Anglo-Soviet alliance and that gradual evolution of the "Atlantic Community" which the perspicacity of Mr. Walter Lippman foreshadowed some months ago in his book on United States War Aims. In this, United Kingdom policy is undoubtedly correct as instinctively reflecting the true interests of the British Commonwealth of Nations, but it is leading the Soviet Union to feel isolated in its relations with the two other great powers. There may even be a trace of the feeling that their chief ally is not living up to what the Soviet government expected of it under the alliance. This may explain partly why to-day the United Kingdom is more the object of resentment than the United States, although the basic reason for this is that in so many parts of Europe and the Middle East there is a direct conflict between United Kingdom and Soviet

interests. I continue to wonder at the naivety of so many of my fellow-Canadians who last July immediately jumped to the conclusion that the result of the British elections would lead to an improvement in Anglo-Soviet relations.

7. Thus I find on my return to Moscow a marked deterioration all along the line in relations between the Soviet Union and the two Anglo-Saxon powers. Much of this, no doubt, is the consequence of the elimination of Nazi power as a force keeping the major allies in harmony. There probably was bound to be a falling out of the victors over the spoils of war. What is disturbing, however, is the growth of mistrust and suspicion. On the allied side, much has transpired to make many doubt the intentions of the Soviet Union. On the Soviet side, we find increasing accusations of obstruction by the United Kingdom in settling the problems of the Balkans and a feeling that other countries do not trouble to understand the Soviet point of view. Out of this arises the old fear that the capitalist world is engaged in active intrigues against socialist Russia. Considerable anxiety is displayed in the Soviet press over the essentially premature soundings in Paris and elsewhere for a Western European bloc. When it is possible to engage in conversation with an average Soviet citizen he or she invariably expresses lack of confidence in the maintenance of peace. Finally, and what is most disturbing of all, there has been a resumption of that pre-war game usually described as the "war of nerves". Rumours are now current in Moscow of the massing of Soviet troops on the Turkish and Iranian borders. Foreigners are speculating about the refusal of permits to leave Moscow enforced for several days past. It is this irresponsible readiness to play with fire that makes one uneasy about the ability to avoid conflagrations.

8. My information about what is transpiring at the London Conference of Foreign Ministers is scanty, being based entirely on the official communiques and British press speculation thereon, but it does seem clear that Mr. Molotov with more than usual daring and with less than his usual sense of responsibility has been playing a game of colossal bluff. On the defensive in the Balkans he has carried the attack to what is to the British an equally vital sphere of influence — the Mediterranean. The hypocrisy of the trustee arrangements worked out at San Francisco has given him an admirable instrument for this purpose. By claiming for the Soviet Union a voice in the administration of Italian colonies he can play power politics without alienating left-wing opinion throughout the world.

9. It is this mixture of realism and idealism that is causing so much of the confusion in international politics. When Mr. Churchill and Mr. Eden came to Moscow last October they were frankly realists. They had two main objectives — an agreement on Balkan problems and a solution of the Polish problem. Alarmed by the incursion of the Red Army into the Balkans Mr. Eden was anxious to keep the Soviet Union out of the Mediterranean. He reduced degrees of influence in the south-eastern European countries to mathematical proportions. The upshot was a free hand for the British in Greece in return for more or less a free hand for the Soviet Union in Roumania. The United States was never happy about these Balkan arrangements. The late President

Roosevelt attempted to reintroduce idealism into the problems on that troublesome area by the signing of the Yalta Declaration of Liberated Europe. The United Kingdom considering that this declaration transcended the October understandings based its policy upon supporting the United States in efforts to apply the declaration to the complicated situation prevailing in the countries falling within the Soviet sphere of influence. All last winter the Soviet press maintained a remarkable silence upon events in Greece. Since the conflict of policies developed over Roumania comment upon the Greek situation has become more frequent and increasingly virulent.

10. The trouble over the attempts to apply the Yalta Declaration is that to Western and to Soviet minds the word "democracy" has two different interpretations. This is well brought out in the lecture by Professor Trainin which I am sending you with my despatch No. 366 of September 25th.[1] He shows that to the Soviet mind a democracy is one in which political and economic power is confined to the progressive forces to the exclusion of those seeking to maintain the pre-war system. Another difficulty is that with the exception of Czechoslovakia, Austria and Hungary, the Danubian countries are far from ready for political democracy as we understand it. Roumanian politicians have been venal and corrupt. Totalitarianism is particularly suited to the Bulgarian temperament which is so akin to that of the Russian. The clashes of nationalities and religions in Yugoslavia required the strong hand of a Tito for their solution.

11. Russian interest in south-east Europe has always been dominated by the question of the Straits. Roumania and Bulgaria provide the Russian pathway to the Dardanelles. The Danube Valley is the pathway for Central and Western Europe to that important waterway. Besides, from the strategic point of view the Danube Valley is a southern flank of greater Russia. It is to the Soviet interest, therefore, that no other great power should have any considerable influence in any of the countries of this area. More particularly the Soviet Government is anxious that none of these countries should provide a foothold for anti-Soviet intrigues. Hence, Soviet impatience with the Roumanian politicians, Maniu and Bratianu, who reverted to their old game of playing one great power off against another. They also are suspicious of the too open espousal by United States representatives in Belgrade of Mr. Grol, the Yugoslav opposition leader.

12. Of all these countries the quietest is Czechoslovakia, partly because they are more advanced and lie further to the West than the other countries and partly because the Czechoslovaks have been successful in keeping in tune with Soviet policy. Last week a disturbing fact came to the knowledge of the British Embassy. General Svoboda, the Czechoslovak Minister of Defence, came to Moscow and was asked by the Soviet authorities to provide accommodation in Bohemia for 500,000 troops of the Red Army. Hitherto it had been understood that the Soviet military establishment in Northern Bohemia was to be confined to 100,000 men. Possibly this new move is designed to accommodate troops for whom no adequate quarters are available in Germany or perhaps it is to indicate to the Czechs that they must cease flirting with the West.

13. In Germany, trouble has arisen in Berlin over Soviet troops coming into the British zone, sometimes to loot, at other times to carry off German technicians. The chief problem in relation to Germany, however, now receiving the attention of the British and United States Embassies in Moscow, is the seat of the Reparations Commission. The Soviet Government resolutely refuse to allow the Commission to be removed from Moscow, although practical experience has shown that the only place for the Commission properly to discharge its task is in Berlin where it can work in close cooperation with the control authorities.

14. In the Far East all is quiet so far as the Soviet Union is concerned. There is indication in the Soviet press that they consider United States policy in Japan to be too soft, particularly in so far as it relates to maintenance of the existing social order. By recounting illustrations of the dire poverty encountered by Soviet troops in Manchuria and Korea the Soviet press probably is unable to refrain from the opportunity of exploiting the unusual situation where the Red Army has come to an area with a standard of living below that of the Soviet Union. The Chinese Ambassador tells me that the conversations between Generalissimo Chiang Kai-shek and Mao-Tse-tung, the Chinese Communist leader, are proceeding very satisfactorily and that the Chinese-Soviet Treaty of Friendship and Alliance has given the Communists no option other than to come to terms with the Central Government. He also tells me that the execution of the treaty is proceeding smoothly. This is due to the fact that he urged his Prime Minister to leave no loose ends for himself, the Ambassador, later to settle. He explained to Dr. Soong that the latter was negotiating with Generalissimo Stalin, who alone can decide these questions and that after the treaty was signed it would be hopeless for him, as Ambassador, to attempt to settle the loose ends because he could only talk to Mr. Molotov. The consequence is that the annexes to the treaty go into great detail, even specifying the dates for the withdrawal of the Soviet troops from Manchuria. This shows the value of patience in dealing with the Soviet Government and the folly of trying to settle important questions in conferences lasting a few days with over-packed agendas.

15. My impression of the Soviet attitude towards the Far East is that of calling a halt and doing nothing to provoke the United States in an area where American power has become predominant and where American public opinion would be quick to react to any Soviet moves that savoured of aggression towards either China or Korea. This explains the Chinese success in concluding so speedily, although only after hard bargaining, a treaty that fulfilled so accurately the predictions of those of us who belong to the more optimistic school of interpreters of Soviet intentions.

16. If we find the Soviet Union on the defensive in the West and quiescent in the East, it is in the South that she is on the offensive. Here significantly it is more British than United States interests that are threatened. Besides the claims for a stake in the Mediterranean we have the disturbing developments over Turkey and Iran. There has been a revival these past few days in the Soviet press of references to the ethnographical claims of the Turkish districts

of Kars and Ardahan to be attached to Soviet Armenia. Persistent rumours are circulating in Moscow about the movement of Soviet troops to the south. In Iran the People's Party are becoming increasingly active and stories are circulating of Soviet corruption of the Iranian press. The People's Party have lately put forward a claim for an autonomous Azerbaijan, which would immediately be suspected as the first step for the absorption of this most productive of the Iranian provinces into the Soviet Union.

17. The important point is what explanation may be offered for this offensive towards the South and for Mr. Molotov's bluster in London. The latter as I have indicated in paragraph 8 of this despatch may be tactical. By carrying the offensive to the special sphere of influence of the British Mr. Molotov may hope to get his way in the special sphere of Soviet influence in south-eastern Europe. By placing the British in the position of claiming the Mediterranean as a British sea Mr. Molotov is on firm ground in claiming that the Black Sea is Soviet. The atomic bomb is also surely a factor. By making extravagant claims Mr. Molotov may hope to strengthen the hands of those idealists who advocate giving the secrets of the atomic bomb to the Soviet Union as a grand gesture of appeasement. In any event he probably feels that it is incumbent upon him to show that the Soviet Union has not been deterred from playing the role of a power equal to the United States through the possession by that country of such a formidable weapon.

18. The Soviet offensives towards Turkey and Iran are more difficult of explanation. Undoubtedly the tactical element is present, particularly as regards Turkey. A show of strength probably is considered a necessary preliminary to the hard bargaining that is soon to take place over the question of the Straits. The raising of the question of Kars and Ardahan may reflect the consistent desire to restore to the Soviet Union all territory of Tsarist-Russia relinquished in the days of weakness. The offensive towards Iran has more the earmarks of frank aggression, although the oppression of the masses by the Iranian landowners and other vested interests gives an opportunity for the champion of the under-dog. Overshadowing all is the question of oil and its relation to military power. The master minds in the Kremlin may have concluded that the soft under-belly of the Atlantic Community is now in embryo is this region of the Persian Gulf. Your military adviser, Major-General Pope, will recall my discussing this question with him in San Francisco. True to his I.S.C.[87] training he rebutted my arguments about the possibility of this area becoming a zone of contention between the Soviet Union and the United States. He found support for his argument in Mr. Jack Hickerson of the United States Department of State, who dryly observed that the average American did not know where the Persian Gulf was. If this is correct the Soviet leaders may have decided to entrench themselves in Iran before the Americans realize their new responsibilities as policers of the seas and the importance of Iranian oil to the execution of those responsibilities.

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[87]Imperial Service College.

19. In writing this despatch I have been very conscious of the relation of all that is now transpiring to the United Nations Charter signed at San Francisco. In spite of its realistic character compared with the Covenant of the League of Nations the signing of the Charter represented an idealistic phase of this morally-deficient era. No doubt consistent with their realism the Soviet Government have every intention of cooperating with other nations in making the charter work. But the world is now in a state of flux and what is decided upon in the coming weeks will set the pattern for many years to come. The Soviet leaders are out to take as much advantage as they can of this fluid situation. Once things settle down they will work within the framework of existing instruments according to the balance of forces prevailing at the time. Everything would have been easier if we could have removed that atmosphere of mistrust and suspicion that so long has permeated relations between the Soviet Union and the Western world. As things are now I fear we may lose the substance of genuine Soviet cooperation for the shadow of elections in the politically immature countries of Eastern Europe.

20. I am sending a copy of this despatch to the Acting High Commissioner for Canada in London.

I have etc.

L. D. WILGRESS

**1234.** DEA/2-AEs

*Mémorandum de l'adjoint, le ministère des Affaires extérieures au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Assistant, Department of External Affairs to Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa, September 1945]

The attached memorandum on *Present Trends in Soviet Policy* was compiled in a great hurry and there was hardly time for necessary revisions. It is intended to be a summary of some of the considerations which appear to underlie the present trend of Soviet thinking about their allies. It is far from being complete, but I feel that the factors discussed in the memorandum play a large part in Moscow's evaluation of the international scene.

L[EO] M[ALANIA]

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum*

*Memorandum*

TOP SECRET [Ottawa, September 28, 1945]

PRESENT TRENDS OF SOVIET FOREIGN POLICY

The increasingly unsatisfactory nature of the relations among the three Great Powers since the Crimea Conference has given rise to widespread

concern that co-operation among them, and particularly with Russia, may very soon become impossible. The apparent failure of the first meeting of the Council of Foreign Ministers to reach any substantial agreement[88] has served to accentuate the present concern.

Interpretations of Soviet policy range from the theory that the policy of the Soviet Union has changed to a form of aggressive expansionism in Central and South-Eastern Europe, the Middle East and the Far East, to the belief that the present conflicts are an anachronistic survival of Soviet fears of capitalist encirclement or a transitory feature of the confusions attendant upon the end of the war. Not enough definite information is as yet available to make any final judgement, but it might be useful to summarize some of the basic considerations which probably underlie the Soviet position.

The circumstances under which the Council of Foreign Ministers meets is no doubt a factor of considerable importance in the turn discussions have taken. To judge by recent statements in the Soviet press, the Russians appear to feel that with the end of the war, the purpose of the western democracies is to restrict Soviet influence in world affairs to the borders of the Soviet Union. This fear is probably strengthened by the consistent refusal of the United Kingdom and the United States to come to a definitive agreement while the war was in progress with regard to the Baltic States, Polish frontiers, the post-war position of the Balkan States and other problems of prime interest to the Soviet Union. The fact that the Soviets were able to obtain what they wished in Poland only after vigorous unilateral actions, including the veiled threat of implicating the United Kingdom in the activities of the Polish Underground, whose sixteen leaders were recently tried, must have confirmed the Soviet belief that in negotiations with them, the Western Allies were responsive only to the strongest pressure. The current Anglo-American concern to establish democracy in the Balkan States, which hardly had any experience of democratic forms, while tolerating totalitarian regimes in Portugal, Spain and Turkey must appear to Moscow as an attempt to limit the influence of the Soviet Union rather than as the pursuit of purely idealistic aims.

The fear that at the end of the war the Allies might attempt to deprive Russia of the position it had won is one of long standing in Russian history. The Soviet leaders, who seem to be increasingly conscious of long-term historical factors, cannot but recall the disastrous effect of the Congress of Berlin of 1878, which nullified the Treaty of San Stefano, upon the internal prestige of the Romanoffs, and the fact that there had been no difficulty in 1915 about promising to Russia a dominant position in the Straits.

In 1939 Stalin warned against attempts to force the Soviet Union "to pull other people's chestnuts out of the fire." This warning continues to colour all Soviet thinking about their Allies. The firm insistence of the United Kingdom on relegating controversial political questions until the peace conference must have been interpreted in the light of this warning. The attempt of the United Kingdom to build up particularly intimate ties with the United States and to

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[88]Voir le volume 10, document 653./See Volume 10, Document 653.

"involve" the latter country in the Middle East, particularly in Iran, and in South-Eastern Europe appeared, in the light of these suspicions, as designed to bolster the bargaining position of the United Kingdom vis-à-vis the Soviet Union.

The Anglo-Soviet Treaty of 1942 was perhaps intended by the Russians as an instrument for bolstering the independent position of the United Kingdom vis-à-vis the United States. Mr. Maisky dropped a remark to this effect when the Treaty was signed, and on occasions when the Russians were excluded from the Churchill-Roosevelt talks, as at Cairo and Quebec, the annoyance of the Soviet press was unmistakable. It is quite clear that the Russians regarded the Treaty as having definite political implications. From the Anglo-Soviet conversations of December 1941 to the Churchill-Stalin meeting in Moscow in October 1944, the Soviets had been suggesting to the United Kingdom a definition of spheres of influence in Europe as between the two countries. On the latter occasion it seemed as if the Soviets had reached this objective. It was then agreed that Roumania was as important to the Soviet Union as Greece was to the United Kingdom. As a result, neither the Soviet press nor Soviet officials made any comment during the Greek crisis in the winter of 1944-45. The present Soviet diplomatic offensive against the United Kingdom can be said to have begun shortly after the Roumanian crisis, when United Kingdom diplomacy sought to protect the position of General Radescu, who was roughly ejected from the Premiership by Soviet pressure. From that time to the present meeting of the Council, the Russians have been increasingly critical of the United Kingdom policy in Greece.

The Soviet attitude, as was suggested above, was particularly exacerbated by the attempt to bring the United States into questions which the Russians would appear to feel are a matter primarily for the United Kingdom and the Soviet Union. Consequently the position of the United States in relation to the United Kingdom was probably studied in Moscow with special interest for any clues it might provide with regard to the firmness or otherwise with which the United States was prepared to back British policy. What Moscow has seen has no doubt encouraged the Soviet view that the United States is not prepared to go nearly as far as the United Kingdom would like in support of the latter's policy.

While the over-all community of Anglo-American interests is probably recognized by the realists in the Kremlin, this recognition is qualified by such facts as the recurring warnings in the United States press, particularly by Walter Lippmann, that the United States should act as "mediator" between the other two Great Powers and should not adhere too closely to the British line. The reorganization of the State Department after the crisis in San Francisco, particularly the dismissal of Stettinius and Grew after vigorous criticism by Lippmann, the *New York Herald Tribune*, and other newspapers; the United States initiative in forcing the early recognition of the Polish Provisional Government in Warsaw; and the favourable reception in Washington of the Soviet-Chinese agreements are indications to Moscow that the United States is far from unanimous in its backing of the United

Kingdom's foreign Policy. The abrupt termination of Lend-Lease and the subsequent negotiations over future United Kingdom commercial policy is no doubt interpreted by the Soviet leaders as evidence of an undercurrent of Anglo-American rivalry, which might be used to their advantage.

As long as the present uncertainty in Anglo-American relations persists, it is doubtful if the Soviets would care to agree to any binding commitments. From the Soviet point of view the reaction of the United States press to the current crisis in London encourages delaying tactics. Major George Elliot reported recently that Washington is not taking nearly as pessimistic a view of the difficulties as the London press. Walter Lippmann has interpreted the crisis as an inevitable process of defining the fundamental relationships of the Allies to one another in terms of their intentions, security and power, which, according to Lippmann, can be solved only at the highest levels.

In this connection the latest available poll on United States opinion on Russia (*Fortune* Magazine for September) indicates no lessening of United States desire for co-operation. *Fortune*'s "panel of top-ranking executives" in reply to the question "Do you think it is or is not to the long-term advantage of the United States to promote trade relations with Russia?" answered 91.2% in the affirmative with 2.7% "don't know". A surprising majority voted for the extension of the six billion dollars credit to the U.S.S.R.: 30.8% favoured credit through United States Government channels: 49.8% through private banking channels, and 3.4% were in favour of both media — a total of 84% in favour of the extension of credit. The *Fortune* survey of press opinion from February to June showed a much larger percentage of unfavourable comment on Soviet policies. The adverse comments were on specific issues such as the change in party-line by the U.S. Communists (81% unfavourable), Tito's attempt on Trieste (60% unfavourable), Trial of the Sixteen Poles and the exclusion of the Allies from Roumania (60% unfavourable on both issues). Aside from such issues, however, the *Fortune* survey concludes that the United States press is "largely favourable to Russia, week in and week out. The over-all comment on Russia on all subjects for the whole of the troublesome period here studied was 60% favourable, and 40% unfavourable. In a country where opinion is churned about publicly as it is in the United States, such a margin, Russians should learn, is a landslide."

There is no way of estimating the knowledge the Russians have of confidential inside opinion within the State Department. We have recently seen, however, a secret report of September 1[st] from the United Kingdom Charge d'Affaires in Washington to Mr. Bevin which stated that on the eve of the postponement of the Bulgarian elections, several of the State Department officials were so concerned over the possibility of a deterioration in relations with the Soviet Union on this question that they were prepared, in the event that the Russians took a firm stand, to advocate that the United States representative in Bulgaria should be repudiated as having exceeded his instructions. In the same report Mr. Balfour quoted James Dunn as denying that the United States had taken the initiative in the Roumanian question.

All these indications of United States attitudes would no doubt suggest to the Russians that the United States is not nearly as concerned about the questions at issue between the Soviet Union and the United Kingdom as the latter might wish. One might hazard the guess that under these circumstances the Soviet tactic in the Council of Foreign Ministers has been to delay decisions on Eastern European issues, by raising issues of greater concern to the United States, such as the principle of trusteeships. For it is clear that if the Soviet Union were to agree to Anglo-American demands in Eastern Europe at this stage, they might lose the bargaining advantage which they now possess when discussions turn to questions of vital concern to the United States, such as problems of United States security in the Pacific.

At the Potsdam Conference, the Russians learned that the question of the Italian peace treaty was of relatively greater importance to the Americans than the Balkan treaties and they seem to have acted upon this knowledge in London. As regards the United Kingdom, the Russians have been pressing hard on the question of Greece. The Greek situation provides not only a facile analogy with the situation in Roumania, but it also has a propaganda value in radical and liberal circles similar to that of the admission of Argentina to the San Francisco Conference.

It seems too early as yet to conclude that a clash between the Western democracies and the Soviet Union is inevitable. Neither side is prepared to wage war for several years to come. It would also appear that the peoples of Europe are more concerned with questions of immediate day-to-day physical survival than with the larger issues of policy. If the possibility of immediate war is excluded, as it seems to be by the facts of the situation, the only alternative is that of reaching agreement on the immediate problems. Such agreement appears even more essential to the Western democratic powers than to the Soviet Union, since only on the basis of an agreement among the Great Powers, can measures of reconstruction, essential to the stability of Western European governments and to their ability to resist the pressure for extremist solutions be taken. The coming winter is likely to be a testing time for the ability of democratic methods to cope with economic problems. In Eastern Europe and in their zone in Germany, the Soviets are supporting measures of economic reform, which, even if they fall far short of what could be accomplished by democratic methods, do nevertheless hold up some hope to the impoverished masses of some measure of immediate well-being and progress in the future.

To conclude, it would seem that the current Soviet attitude is based upon a realization that the Soviet Union has "arrived" as a world power of first magnitude and upon the fear that an attempt would be made to deprive it of this position. The Soviets probably feel that mere diplomatic recognition and condescending admission to a "select club" of Great Powers is not enough to secure their present position. If the United States can have exclusive bases, the Soviets intend to have them also. If the United Kingdom has colonies, the Soviets intend to have full equality in this respect also. If both of these powers

have areas where their influence is predominant, the Soviet Union feels justified in claiming a position of equality with them.

The immediate prospect of relations with the Soviet Union is certainly not bright. The adjustment of any group of powers to a completely changed political situation is never easy and can only be reached through a series of crises, which define the new inter-relationships. But the current trends of public opinion in the democracies and the facts of the situation point to an ultimate re-adjustment through the process of bargaining and concessions to the power which is dominant in those areas where the other powers have no means of effective intervention.

**1235.** DEA/N-1

*Mémorandum du sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum by Acting Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa], October 1, 1945

Mr. Robertson telephoned me from Washington yesterday afternoon to say that the Prime Minister had discussed with the President the attitude to be adopted in the Corby[89] case. This was the only subject discussed between them. The President felt quite strongly that we should go slowly in deciding how to deal with the matter and that no overt action should be taken without further consideration. In general, he agreed with the line suggested in the telegram which was sent to Cadogan yesterday morning.

Messrs. Robertson and Pearson had also discussed the matter twice with Mr. Acheson and had read to him the telegram to Cadogan. He also was in general agreement with the course of action suggested and felt the necessity of further consideration and consultation before overt steps were taken. Lord Halifax was to see Mr. Acheson yesterday afternoon, and Mr. Acheson would take this line with him so that Lord Halifax could report it to London as the view of the United States authorities.

H. W[RONG]

**1236.** DEA/8159-40

*Le sous-ministre de la Justice au sous-secrétaire d'État aux Affaires extérieures*

*Deputy Minister of Justice to Under-Secretary of State for External Affairs*

[Ottawa], October 2, 1945

The Embassy of the Union of Soviet Socialist Republics accuse Igor Gouzenko, a member of the official staff of the Embassy, of absconding with

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[89]Gouzenko.

money which is the property of the Russian Government, and requests the Government of Canada to apprehend him and his wife and, without trial, hand them over to the Embassy for deportation to the Soviet Union. This request cannot, in my opinion, be lawfully complied with.

F. P. VARCOE

**1237.** DEA/N-1

*Mémorandum*
*Memorandum*

TOP SECRET [London], October 9, 1945

1. A meeting was held on October 8th in Sir John Stephenson's[90] room at the Dominions Office which was attended by Mr. Norman Robertson and by representatives of M.I.5, and by Mr. Butler[91] and Mr. Bromley.[92] The position before the meeting was that there had been no developments of any kind on the previous evening, and therefore it was necessary that His Majesty's Governments and the United States Government should agree as to the next step. A suggestion had been put forward unofficially by the Foreign Office and "C"[93] from London that the suspected persons in this country, Canada and the United States should be taken in for questioning on some agreed date such as October 18th. Mr. Bevin had not wished to commit himself to this proposal until he had had an opportunity of discussion with Mr. Mackenzie King.

2. The representatives of M.I.5 made it clear that they were anxious for a decision; prolonged delay would result in the trail becoming stale, and they felt that further questionings of Corby could not be expected to produce much more of value.

3. Mr. Robertson explained the reasons which made the Canadian, and he thought the American authorities also, hesitant to proceed with the rounding up and questioning of the suspected persons, with attendant publicity. He was not so much concerned with the direct effect upon relations between the *Governments* concerned, as with the effect on public opinion, particularly in Canada, and Mr. Dean Acheson had similar misgivings as regards the American public. Mr. Robertson feared that public opinion, including the Canadian Parliament and the United States Congress, would be so stirred by the story of this Russian network stealing our secrets that prejudice would inevitably be brought both to the possibility of sharing with the Soviet

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[90]Sous-secrétaire d'État adjoint, Dominions Office.
Assistant Under-Secretary of State, Dominions Office.
[91]Nevile Butler, sous-secrétaire d'État adjoint, Foreign Office.
Nevile Butler, Assistant Under-Secretary of State, Foreign Office.
[92]T. E. Bromley, secrétaire privé du sous-secrétaire d'État permanent, Foreign Office.
T. E. Bromley, Private Secretary to the Permanent Under-Secretary of State, Foreign Office.
[93]Stewart Menzies, directeur général, MI-6, (Service de renseignement de Grande-Bretagne).
Stewart Menzies, Director General, MI-6 (Secret Intelligence Service of Great Britain).

government on terms some of our atomic secrets, and to the general prospects of financial and economic co-operation with Soviet Russia.

4. On the other hand, Mr. Robertson had doubts whether the exposure of this Soviet espionage would be sufficient in itself to rally behind the Canadian government or possibly the Governments in Washington and London, that almost universal support which was most desirable, if not essential, in a case of this kind. There had been a tendency not confined to the United States, at the time of the San Francisco Conference and subsequently, to feel that over various issues the Soviet government had scored some publicity successes. In the present case, scientists in Canada, and elsewhere, felt strongly that the atomic processes that they had worked out were of no transcendent importance, and would so inevitably be worked out by other countries in the course of a few years, that it might be mistaken policy for any one nation or group of nations to try to retain them as secrets. It might, for instance, be claimed that we had a war-time agreement with the Soviet Government for the exchange of information about new weapons, and that we had withheld information about this one all-important secret weapon until the weapon was actually ready for use. One serious emanation of the above feeling might be traced in the facility with which the Soviet Government had persuaded our nationals to work for them. Mr. Robertson felt the extreme desirability of not risking a show-down with the Soviet Government, unless the allied Governments concerned were assured of the overwhelming support of their own public opinion, and he was doubtful whether this unanimity could be secured until an offer of collaboration in these questions had been made to the Soviet government which the latter had either accepted or rejected.

5. Mr. Robertson felt that Governments must face the possibility that the arrangements for security and sanctions worked out at San Francisco were already out of date as a result of this new weapon, and that the Great Power veto in particular had lost much of its meaning. The new weapon required a much stiffer form of control than anything contemplated at San Francisco and the Great Power veto was probably incompatible with the degree of control that it would be necessary for the United Nations Organization to impose on all States.

6. It was possible, therefore, that the immediate requisite of the Powers concerned was that collaboration with the Soviet Government should be re-established by admitting them in some way to the results of our researches into atomic power. The preliminary step might be to obtain Russian concurrence in the free movement of scientists between countries and the free exchange of the results of their researches. This would in practice give each country a great deal of information as to what was being done in the others as regards the use of atomic energy, and would be a practical form of control: it would reinforce any scheme of international control worked out between the Governments concerned.

7. Mr. Robertson also threw out the idea that international arrangements as regards Civil aviation might be relevant to the issue. The Soviet Government was not a party to the Chicago Convention; at present her frontiers were closed

to foreign aviation, but if the Soviet Government agreed to open them, the freer passage of outsiders would do something to prevent a veil of secrecy being drawn over atomic developments in Russia.

8. The meeting agreed that the views of the United States Government were clearly of great importance. President Truman had said that he thought it necessary to open conversations with a number of Governments on the subject even before the United Nations Organizations was set up. He had never committed himself to the organization being the best body to handle the problem. Mr. Robertson had gathered from an informal talk with Mr. Dean Acheson that the Americans were at the moment strongly impressed by two considerations. First, the prejudice to larger United States-Soviet relations that might be created by publicity over the present espionage business; and secondly, by the suspicions of their own scientists working on atomic energy that its developments in the near future might be many times more frightful than those seen in Japan. Competition in secret was an appalling prospect.

9. It was agreed that the above views needed very careful consideration, with a view, if possible, to the Prime Ministers of the United Kingdom and Canada agreeing upon views which they could put before President Truman as regards the next step to be taken as regards the Russian espionage network.

10. It was recalled that the view of the London Government had been that the most straight-forward procedure was the best, viz., to prosecute when possible, or failing that, to adopt whatever course would normally be taken in an espionage case. It was not thought that this would create serious difficulties with the Soviet Government who would, on the contrary, suspect us of weakness if we adopted any of the other courses hitherto suggested. The representative of M.I.5 recalled some precedents confirming this view. The point was also made that if no effective action were taken against the network, and this fact leaked out, there might be serious public criticism of the Governments concerned.

11. The meeting agreed that if the individual members of the espionage ring were to be questioned with prospects of success, action must be laid on soon, and that therefore an agreement between the three Governments concerned was urgently necessary. The first step would be to bring the points raised at the meeting before the Secretary of State and Mr. Attlee.

**1238.** DEA/8213-40

*Le secrétaire d'État par intérim aux Affaires extérieures au chargé d'affaires aux États-Unis*

*Acting Secretary of State for External Affairs to Chargé d'Affaires in United States*

DESPATCH 1248 [Ottawa], October 30, 1945

Sir:

I have the honour to refer to your teletype message WA-5214 of October 10th' concerning the registration of Soviet citizens in Canada by Consular

officials of the Soviet Government and to enclose for your information a copy of a translation of an announcement and an accompanying interview which appeared in the Russian language paper *Vestnik* of Toronto on October 10th.[1] As you will see this announcement states the intention of the Soviet Government to provide means for the registration as citizens of the U.S.S.R. of persons who were residents of the western district of the Ukrainian and Byelo-Russian Soviet Socialist Republics and who are now living abroad. These plans were discussed informally by Mr. Pavlov of the Consular Department of the Soviet Embassy with an officer of this Department. Mr. Pavlov said that the Embassy had not been authorized to raise the matter with the Canadian Government officially, since the registration was regarded as a normal function of a consular service. He added that a similar registration was now taking place in the United States and in all countries where persons from the territories concerned were resident. He said that he did not know whether the United States Government had been told of the registration in the United States; Soviet representatives there would certainly not feel themselves under any obligation to approach the State Department on the subject, and if they did so, it would be informally, as had been the case in Canada. Mr. Pavlov said that he did not see how any possible misunderstanding or inconvenience could arise from the registration, since the greatest care was being taken to point out to applicants that they were under no compulsion to register, and that no one must apply who had acquired citizenship in another country. Soviet Consular officials, he said, were under strict instructions not to place an applicant under pressure of any kind. Indeed, the object was to discourage registration, since it was being made clear that Soviet citizenship itself did not entitle any person to admission to the U.S.S.R.

The opinion reached in this Department, after due consideration, was that, whatever legal technicalities might be put in question by the registration, the action of the Soviet Government was not in general open to objection. Registration was specifically limited to stateless persons whose position resulted from political changes in their homelands and it did not seem unreasonable in principle that these people should be given a chance to establish their status in relation to some government. Neither was it likely that the registration would affect persons who were naturalized Canadians or intended to become so, and the Soviet representatives were probably quite sincere in saying that they had no desire to disturb settlers who had come to this country with the intention of staying here. It was thought, however, that the wording of the notice, particularly that part which states that the persons concerned "are required to register as Soviet citizens not later than December 31st" might be subject to misinterpretation. It was therefore decided that the Soviet Ambassador should be asked to come to the Department to discuss the matter informally with the Acting Under-Secretary.

When the Soviet Ambassador called on October 24th, Mr. Wrong said that the Department fully understood the objectives which prompted the Soviet Union to arrange for this registration. We thought, however, that he should discuss with the Ambassador one or two details in regard to procedure which

were a cause of some misgiving. He had in mind particularly that part of the published notice in which it is stated that persons defined in the announcement are required to register as Soviet citizens not later than December 31st. There were many persons in Canada, particularly Ukrainians, who had come to this country with the object of settling here and who, in some cases, had taken out their first papers for naturalization. The notice as published in *Vestnik* might appear to these persons to compel them to take out Soviet citizenship and in this way affect their intention to become Canadian citizens. Even to people in Canada who were not directly influenced by the notice, it might seem that the Soviet Union was reaching out to claim persons who, if not Canadian citizens, had every intention of becoming so. Mr. Wrong said that he did not wish to insist that the Ambassador take any action in regard to the notice, but he would be glad if an alteration of the wording could be considered before the announcement appeared in other newspapers.

Mr. Zaroubin said that the wording as used in the notice had been taken from the text of the relevant Soviet Law and that he did not see how it could be changed. Neither did he see how the notice could be the subject of any misinterpretation. Elsewhere in the announcement and in the accompanying interview it was made quite clear that the act of registration was a voluntary one. Furthermore, explicit instructions had been given to Consular officers that they were to discuss at length with each applicant the question of registration and to make clear the fact that there was no obligation upon anyone to register. He also said that care was being taken to make certain that no one who was a Canadian citizen or who intended to become one should be allowed to register. He added that objections to the procedure being followed might arise in the anti-Soviet foreign language press in Canada, but he did not think these complaints needed to be taken into account. Finally he said that if the Department could give him evidence of any occasion on which a misunderstanding had arisen through the wording of the notice, he would be glad to make a change.

Mr. Wrong said that the purpose of the conversation was to prevent any such misunderstanding taking place. Many of the persons who would read the notice were poorly educated and it is quite possible that they would misunderstand the intention of the announcement. For this reason he hoped that the Ambassador would consider at least adding a question and answer to the published interview which would cover the point. Mr. Zaroubin maintained, however, that no misunderstanding could arise but added that if the Department found any evidence that the activities of their Consular officers in carrying out this registration resulted in misapprehension on the part of any person, he would be glad to discuss the matter again.

Mr. Wrong also suggested that the Soviet authorities might be prepared to give the Canadian government a list of those who had registered in response to this notice. Mr. Wrong explained that he was not asking for this list but merely suggesting that it would be a matter of convenience to the Immigration Branch and the Secretary of State if the names of these people could be provided. Most of the persons concerned had emigrated to this country as Poles, and it would

be of assistance to the departments mentioned to know who amongst them should now be regarded as Soviet citizens. Mr. Zaroubin said that the registration did not of itself give to the people concerned the right to enter the Soviet Union, which was a question that would require separate consideration. Moreover, the question of the status of any individual would not arise unless he sought to leave Canada; in that case he would be furnished with a Soviet passport and the Immigration authorities would automatically become aware of the fact that he had registered. Mr. Zaroubin added that he would be prepared to furnish the list of those who had registered if there were some law or regulation in Canada which placed the representative of a foreign government under an obligation to provide the Canadian authorities with a list of names of nationals of his country who were resident here. Otherwise he would not feel under the necessity of doing so. Mr. Wrong said that there was no question of there being any regulation by which the Ambassador could be required to furnish this list. The circumstances, however, were special ones, and as a matter of convenience he had asked that the list be provided. It was for the Ambassador to decide whether or not he would accede to the request.

The matter has been allowed to rest at this point, and I expect that the Soviet authorities will proceed with the registration in western Canada when the process has been completed in Toronto and Montreal. I shall let you know of any further developments which come to our attention. In the meantime, I should be glad to learn if you have received any further information concerning the registration in the United States of persons from the western regions of the Ukraine and White Russia, or of the attitude of the State Department towards the activities of the Soviet Consular representatives in this regard.

I have etc.

H. H. WRONG
for the Acting Secretary of State
for External Affairs

**1239.** DEA/4930-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs to High Commissioner in Great Britain*

DESPATCH 1993 [Ottawa], November 9, 1945

SECRET

Sir:

I have the honour to inform you that the Government has given consideration to the question raised in telegram Circular D. 112 of September 18th from the Secretary of State for Dominion Affairs, concerning exchange of technical information and intelligence. We were informed that in future the

United Kingdom authorities propose to supply intelligence to the Soviet Union on the basis of strict reciprocity.

The Canadian Government has decided to adopt a similar policy for the exchange of technical information and intelligence to the Soviet Union and details in connection with the implementing of this policy are being considered by the appropriate service officers in consultation with members of this Department.

In working out a detailed procedure it would be helpful to have from the United Kingdom authorities some indication as to the means by which this policy is to be applied. We are particularly interested in the practice governing the exchange of information through Service Attachés since our contact with foreign forces is largely through such channels.

It would also be valuable to know what type of information the United Kingdom is considering for this exchange. Is it, for example, proposed on the basis of reciprocity to exchange information classified as secret or under any other security marking?

I should add that the Canadian authorities would not, of course, consider the disclosure of any information supplied originally by the United Kingdom without the authority of the senders of such information.

I should be glad if you would inform the United Kingdom authorities of our decision in this matter and consult them in relation to the questions I have raised.

I have etc.

J. E. READ
for the Acting Secretary of State
for External Affairs

**1240.** DEA/N-1

*Mémorandum*
*Memorandum*

TOP SECRET [London?], November 12, 1945

A meeting was held this morning at which the following were present:—

Mr. Malcolm MacDonald
Mr. Norman Robertson
Mr. Hume Wrong
Mr. Nevile Butler
Professor Cockcroft[94]

[94]J. D. Cockcroft, directeur, Direction de l'énergie atomique, Conseil national de recherches.
J. D. Cockcroft, Director, Atomic Energy Division, National Research Council.

Mr. Roger Hollis[95]
Mr. Roger Makins[96]

After some discussion it was agreed:—

(a) That it was essential for a decision to be taken during the current discussions.

(b) In order to secure such a decision the Canadian representatives should put down on paper the action which they would propose to take in Canada and which they would like to see taken in the United Kingdom and the U.S.A.

(c) The Canadian representatives would also put down what action they proposed to take in regard to the foreign diplomatic staff implicated in the affair.

2. PUBLICITY — There was some discussion about the handling of publicity, and in particular, of the question whether an official statement should be put out simultaneously with the police action or whether it would not be wiser to wait until it could be seen how much information leaked into the Press. The general conclusion was that it would be preferable to prepare a measured and careful statement dealing with the diplomatic as well as the domestic aspect of the question, which could be made, perhaps in the Canadian House of Commons, shortly after the police action had been taken.

The Canadian representatives said they would prepare the draft of such a statement.

3. There was some discussion as to whether it would be advisable to fix a date on which it was desired that action should be taken. It was agreed that the main purpose of doing this would be to ensure that a decision was taken during the current discussions.

**1241.** DEA/2-AEs

*L'ambassadeur en Union soviétique*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in Soviet Union*
*to Secretary of State for External Affairs*

DESPATCH 462 Moscow, November 14, 1945

SECRET

Sir,

I have the honour to report that I am busy getting ready to leave for London this week and consequently have no time to prepare despatches, but there is one subject on which I feel I must give you my comments. That subject is the

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[95]Directeur adjoint, MI-5 (Service de sécurité de Grande-Bretagne).
Assistant Director, MI-5 (Security Service of Great Britain).
[96]Ministre, ambassade de Grande-Bretagne aux États-Unis.
Minister, British Embassy in United States.

atomic bomb as a factor in the deterioration of relations between the Anglo-Saxon powers and the Soviet Union.[97]

2. Foreign press comment on the speech which Mr. Molotov delivered on November 6th fastens on the remarks he made about the atomic bomb and atomic energy. The commentators conclude from what Mr. Molotov said that the withholding of the secret of the atomic bomb is the principal factor dividing the Soviet Union from the Anglo-Saxon powers. The drawing of such a conclusion in the minds of the public of other countries is apt to be dangerous. I cannot see how Mr. Molotov could have said less than he did say in view of what President Truman said in his "sacred trust" speech delivered only ten days before.[98] It is comment abroad that has led to Soviet comment about the atomic bomb and not vice versa.

3. The theory of the atomic bomb as the main factor in the current situation was first propogated by Alexander Werth in an article he contributed to the *Sunday Times* of London a few weeks ago. I have great admiration foi Alexander Werth as a journalist but not as a judge of political developments. When his article appeared Mr. Frank Roberts, then Chargé d'Affaires of the British Embassy at Moscow, received a telegram from the Foreign Office requesting his comments. He replied by asking the Foreign Office to imagine what would be the situation if there had been no discovery of the atomic bomb. Did they then think that the present impasse which has developed would not have come to pass? Did they think that if the secret of the atomic bomb was disclosed to the Soviet Union all the present difficulties would vanish? He himself answered the last question by stating that there might be a honeymoon period of about a week and then the difficulties with which we are now faced would reappear.

4. I agree with these views expressed by Mr. Roberts. In fact I spoke to him in a somewhat similar vein before he told me the story of the telegram he received from London and of his reply. The atomic bomb undoubtedly is a factor in the present situation and a very important factor, but it is not the only nor even the main factor. The two most important factors in my opinion are (1) Anglo-American attacks on the Soviet-sponsored governments in Roumania and Bulgaria and (2) the ascendency of the tough school in the United States. It is in relation to the latter that the atomic bomb is an important factor. The inept handling of the question by American public comment and by the United States Government has served greatly to strengthen Soviet convictions about the mistrust and suspicions pervading the international scene. If the Russophobes and the tough school had not been in the ascendency in the United States the atomic bomb would never have become the factor that it has in the current situation.

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[97]La note suivante était écrite sur cette copie du document:
The following note was written on this copy of the document:
See telegram No. 3592[†] of Dec. 7 from London request from Halpern for copy to give to Foreign Office. R. G. Rid[dell]

[98]Voir États-Unis,/See United States,
*Department of State Bulletin*, Volume 13, October 28, 1945, pp. 653-6.

5. President Truman is correct in distinguishing between the scientific development of atomic energy for peaceful purposes and the secret of the manufacture of the atomic bomb. The latter is a military secret differing greatly in degree but not in kind from the military secrets which the Russians themselves would never think of divulging to anyone. It is only when the possession of this secret is used as a club to reinforce arguments around the council table and to justify the attitude of "the tough school" that their reactions become violent. Little would have been said on the Soviet side if the United States Government had announced at the outset that the secret of the atomic bomb would be brought up for discussion in the Security Council of the United Nations Organization once it was established, but in the meantime discussions would take place between the three countries in possession of the scientific knowledge to decide upon the common policy they would adopt in regard to their responsibilities for this revolutionary development. How much better this would have been than public rejoicing over the reduction of the Soviet Union to a second-class power and the pious declaration about the "sacred trust".

6. The attitude of the tough school is well illustrated in secret despatch No. 2407 of October 10th from the Canadian Ambassador at Washington.[1] In this despatch Mr. Pearson gives a summary of a telegram from Mr. George F. Kennan, then Chargé d'Affaires of the United States Embassy at Moscow, which Mr. Freeman Matthews showed him. I have very great respect for the ability of Mr. Kennan and for his deep knowledge of the Soviet Union, but he suffers from having been here in the pre-war days when foreign representatives became indoctrinated with anti-Soviet ideas as a result of the purges and subtle German propaganda. He is one of the proponents of toughness as the proper tactics to adopt towards the Soviet Union.

7. In his telegram to Washington Mr. Kennan paints a picture of serious Russian concern over the set-back they received at the first session of the Council of Foreign Ministers in London. I cannot detect any chagrin here over the failure of Soviet tactics. On the contrary I see the Russian people impressed with the success Mr. Molotov achieved in preventing himself from being bullied about. What did the Russian people expect after all they had already gained? The only thing they may not have achieved is the age-long dream of domination over the Dardanelles, but they realise this cannot be obtained except through success in another major war for which they will not be ready for a generation or more. Far from bringing new blood into the Kremlin, as Mr. Kennan predicts, we find the old clique as prominent as ever at the November 7th celebrations, except that Stalin and his supposed favourite in the eyes of the State Department — Zdanov — were conspicuous by their absence. Molotov on the other hand — presumably the scapegoat of the London Conference — was the central figure. So much for the thesis of Soviet stock-taking after the events in London.

8. If we have to talk, like Mr. Kennan, in the parlance of American football I would say that the Soviet team after three brilliantly executed forward passes — Teheran, Yalta, and Potsdam — scored three easy touchdowns. Then with

the conclusion of the two wars with Germany and Japan they lost their only good forward passer and their only good receiver, so they decided to stonewall for the rest of the game. The Anglo-Saxon team having possession of the ball decided to try their favourite Yalta formation, directed against the Soviet centre, the Balkans. The Soviet team unfamiliar with the tactics of their opponents in view of the withdrawal of the old quarter-backs, Churchill and Roosevelt, decided to block with their new guards and tackles, — Tripolitania, Eritrea, Tokyo and Procedural Question, who were successful in throwing the other team for no gain. Now with only one down to go the Anglo-Saxons are in a huddle about what formation to try next.

9. I very definitely think that a great deal depends upon the next move by the Anglo-Saxon powers. In my despatch No. 450 of November 8th,[99] I indicated that I had thought the United States government were moving in the right direction by first of all endeavouring to placate justifiable Soviet — and British — claims to a share in the control of Japan. What is more necessary than anything else, however, is an attempt by the United States to allay Soviet suspicion and mistrust by abandoning the philosophy of the tough school and resorting once more to the Roosevelt touch — even though the master hand is no longer present. In this allaying of Soviet mistrust and suspicion the handling of the atomic bomb secret must play the leading part. I am not one of those in favour of disclosing the actual process of manufacturing the bomb to the Soviet Union unless proper safeguards are given in return, which I doubt if the Soviet Government are in a position to give. I am all in favour, however, of the secret being brought some way into the United Nations Organisation in order to bolster up that body and inspire new trust in international cooperation for peace and security. I believe that this can be done most effectively by referring the whole question to the Security Council to be considered by that body after it is set up.

10. I am sending a copy of this despatch to the High Commissioner for Canada in London.

I have etc.

L. D. WILGRESS

**1242.** DEA/8213-40

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures au Premier ministre*

*Memorandum from Associate Under-Secretary of State for External Affairs to Prime Minister*

SECRET [Ottawa,] December 1, 1945

With regard to the registration undertaken by the Soviet Embassy in various Canadian cities of persons coming from the former eastern districts of Poland,

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[99]Note marginale:/Marginal note:
Not rec[eive]d yet Nov. 26. [signature illisible/illegible]

I think that it is too late to consider the issue of a public statement emphasizing the voluntary nature of registration as Soviet citizens by persons in Canada. It appears that the registration has been completed in Montreal, Toronto, Fort William, Winnipeg and Edmonton, and it may have been completed already in the other two cities in which it was contemplated which are Windsor and Vancouver. When the statement was suggested, registration had been undertaken only in Toronto and was just beginning in other cities.

So far we have not received any complaints of substance about the conduct of the registration. Certain pro-Soviet elements in the Ukrainian community may have brought pressure to bear on their compatriots to register but there has been no allegation of improper conduct on the part of the Soviet officials conducting the registration. It is quite a normal practice for consular officers to establish registers of their nationals in the countries in which they are serving although this particular registration has the unusual feature that it applies only to persons who came to Canada as Poles but are now apparently in the eyes of both the Polish and the Soviet Governments without citizenship in either state unless they voluntarily choose to become Soviet citizens. The matter was discussed several times informally with the Soviet Embassy and this may have had some effect towards ensuring that the conduct of the registration officers was correct.

Unless, therefore, abuses come to light of which we are still unaware, my view is that we should let the matter rest.[100]

[HUME WRONG]

**1243.** DEA/N-1

*Mémorandum du sous-secrétaire d'État associé aux Affaires extérieures*

*Memorandum by Associate Under-Secretary of State for External Affairs*

TOP SECRET [Ottawa,] December 3, 1945

There was a discussion of the action to be taken in the Corby Case in the Prime Minister's Office this morning, attended by the Prime Minister, Mr. St. Laurent, Commissioner Wood[101] and Messrs. Robertson and Wrong. The Soviet Ambassador has been urgently seeking an appointment with the Prime Minister before his departure for Moscow, now timed for tomorrow morning, and it had been arranged that the Ambassador should see the Prime Minister this afternoon.

At an earlier discussion on December 1st, the Prime Minister had expressed the view that he should send a message to Stalin via the Ambassador on the revelations made by Corby, requesting an ending of these Soviet activities in Canada. At that time it looked as though the United States investigation into

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[100]Note marginale:/Marginal note:
I agree. W. L. M. K[ing] 2-12-45.

[101]S. T. Wood, commissaire, Gendarmerie royale du Canada.
S. T. Wood, Commissioner, Royal Canadian Mounted Police.

the "Miss Corby" case would take a very long time and might not yield results sufficient to justify police action. Since then, however, further information has been received from Washington, indicating that they have learned of Soviet penetration involving senior officers of the Treasury, the United States Intelligence Services, and the White House. The information is so grave that Mr. Hoover[102] has told Commissioner Wood that he has instructed the F.B.I. to concentrate all their activities on this case. If the accusations are true, there are most impelling reasons, from the point of view of security, for as prompt United States counter-action as possible.

When the Prime Minister was informed of this, he felt that it put a different complexion on the position here, and that it made it most desirable to await the outcome of the United States investigation. It was decided, therefore, that he would not take the initiative in mentioning the matter to the Ambassador this afternoon.

As there was some possibility that the Ambassador might himself take the initiative in demanding the return of Corby, the reply which should be made by the Prime Minister was discussed. It was finally agreed that he should not deny knowledge of Corby's disappearance, but should merely promise to make enquiries into any representations which the Ambassador might make and leave it at that.

Commissioner Wood expressed the opinion that the revelation to the Soviet authorities of our knowledge of the information brought by Corby would hamper the United States investigation and said that Mr. Hoover, he was sure, would prefer postponement.

H. W[RONG]

**1244.** CH/Vol. 927

*Le conseiller, la délégation à la Commission préparatoire des Nations Unies, au sous-secrétaire d'État associé aux Affaires extérieures*

*Adviser, Delegation to United Nations Preparatory Commission, to Associate Under-Secretary of State for External Affairs*

CONFIDENTIAL [London,] December 5, 1945

Dear Mr. Wrong,

You will be interested in the report of a long conversation which I had with M. D. Z. Manuilsky, Commissar for Foreign Affairs of the Ukraine, who is the Ukrainian delegate to the Preparatory Commission. M. Manuilsky, together with the members of the other Soviet Delegations, was a guest at a cocktail party given by the Canadian Delegation yesterday. As you probably know from your experience at San Francisco, M. Manuilsky is perhaps the most urbane and expansive of Soviet diplomats. He became very affable when Mr. Wilgress

[102]J. Edgar Hoover, directeur, Federal Bureau of Investigation des États-Unis.
J. Edgar Hoover, Director, Federal Bureau of Investigation of the United States.

told him that I was handling Russian affairs in the Department. He led me into an adjoining room which was comparatively empty and where we sat and talked for about an hour.

The subject M. Manuilsky was anxious to discuss was that of anti-Soviet Ukrainians in Canada. He began by saying many complimentary things about our country. He had been most interested in the report which Professors Bondarchuk and Pogrebniak, who had visited Ottawa, Toronto and Winnipeg after the San Francisco Conference, had made about their visit. They had been most appreciative of the way they were received in Canada and had returned full of enthusiasm for what they had seen of Canadian agricultural methods. M. Manuilsky said that in planning the reconstruction of the Ukraine, the Soviet authorities would aim at creating an economic balance similar to that which Canada appeared to have, i.e. a highly modern agricultural base upon which industry could be built and developed in such a way as not to dislocate the development of agriculture.

M. Manuilsky then went on to say that sentiment aside, relations with Canada were of considerable practical value to the Soviet Union since there were really only two countries which could supply the U.S.S.R. with the materials necessary for reconstruction — the United States and Canada, "perhaps also the United Kingdom, though to a lesser extent." He felt that the question of credits would be solved in due course to the satisfaction of both countries. There was, however, one circumstance which marred Canadian-Soviet relations, and that was the anti-Soviet agitation conducted by certain groups of Ukrainians in Canada. It was difficult for Soviet-Ukrainians to reconcile, particularly after what they had gone through in the last few years, the licence allowed by the Canadian Government to anti-Soviet Ukrainians with the expressions of genuine friendship, of which there were many, and which he himself had witnessed when he passed through Edmonton last summer. M. Manuilsky stated at the outset that he understood and respected our principle of freedom of speech and right of asylum, but he felt that even these principles had certain bounds which should not be transgressed.

I told M. Manuilsky that Canadian officials were also seriously concerned about this problem, although from a different point of view. From the Canadian point of view it was not only a question of international relations, but a broader internal issue of Canadian nationality. The Canadian method of handling national minorities who had recently immigrated into the country differed from the nationality policies of the Soviet Union. We hoped that in due course this immigrant stock would be absorbed into one or the other of the two main ethnic groups in Canada.

This process took time. Every thoughtful Canadian understood that it was impossible for a man who came from another country to divest himself at one stroke of all the emotional associations of his early life. One could accuse him of moral dishonesty if he claimed to have done so. It was therefore perfectly natural for these immigrants to group themselves in societies which maintained the language and folk ways of their native land. Indeed, the Canadian authorities welcomed the existence of these societies since through their various

activities they served to lessen the newcomer's sense of isolation in a new country. The second generation acquired naturally the ways of their adopted country and the third and fourth generations were thoroughly Canadian in outlook, but to the first generation of immigrants their native land would always remain a kind of sentimental and idealized symbol. This was especially true of the Ukrainians, most of whom had emigrated owing to circumstances which M. Manuilsky had doubtless known at first-hand. The educated element in this emigration, which provided the natural leadership for these societies, had been brought up in an atmosphere of intense Ukrainian nationalism. The ideal of an independent Ukraine continued to have for them a sentimental value, but the remarkable growth of the Soviet Union had deprived this ideal of all practical meaning.

What worried thoughtful Canadians was the exaggerated importance which was attached in the Soviet Union to this sentimental nationalism. Attacks in the Soviet press, such as Zaslavsky's articles, invested Ukrainian nationalist leaders with a significance which they would not otherwise have. I felt sure that M. Manuilsky's experience in handling problems of minority nationalism would support my contention that a minority national group tended to rally about any cause no matter how bad it might be if it felt that the attack on the cause was an attack upon itself. This had been the effect of Zaslavsky's articles. Those Ukrainian Canadians who were pro-Soviet took their lead from articles in the Soviet press which attacked the nationalist organizations. This tended to rally the nationalists around their cause while their leaders felt that they were making headway when so powerful a country as the U.S.S.R. took such vigorous notice of their activities.

From the Canadian point of view the effect of this controversy was to keep Ukrainian nationalism alive and thus to retard the process of assimilation. I suggested that the solution of this problem would be eased if the Ukrainian nationalists were ignored by the Soviet authorities while the Ukraine went on ahead with its programme of improving the life of the Ukrainian people.

I then asked M. Manuilsky on a purely personal and unofficial basis what concrete steps for solving this problem would he recommend to the Canadian Government if he were an official of that Government and had to take into account the constitutional framework within which it had to operate. M. Manuilsky evaded the issue by stating that if analogous statement were made about Canada in the Soviet Union, the Soviet authorities would deal very severely with the offenders. I said that if the Canadian Government attempted to use any form of repression, such as arrest, prohibition of the right to publish newspapers etc., the issue would become much greater than that of Ukrainian nationalism. The Canadian people would feel that their fundamental rights were threatened and would vigorously resist the Government's action. If any repressive action were taken because of anti-Soviet statements, then all the anti-Soviet elements in Canada would attempt to exploit popular attachment to civil liberties for their own ends and this would certainly have the worst possible effect on Canadian-Soviet relations. M. Manuilsky suggested that at least a strong statement on this subject by the Prime Minister might help to

allay the uneasiness felt by the Soviet-Ukrainians. I wondered in reply whether such a statement might not give the anti-Soviet elements an opening for precipitating a public controversy over Soviet-Canadian relations in general. A statement of this sort might well defeat its own purpose.

I added that as a matter of fact the Canadian Government was studying this problem from the point of view of Canadian unity as well as of Soviet-Canadian relations and that it seemed to me that the most effective policy under the present circumstances was to develop good all around Canadian-Soviet relations, in trade, exchanges of information, visits of scientists etc., and to avoid doing anything which might excite strong emotions. M. Manuilsky again asked me to give further thought to this problem with a view to formulating some more positive recommendations to the Government. He himself disclaimed, however, any right to give me any advice on how it should be handled.

I do not know whether I succeeded in convincing M. Manuilsky of the harmfulness of Soviet press attacks on Ukrainian nationalists, but I am glad that I had the opportunity of suggesting to him the complexity of the problem and of outlining the position of the Canadian Government. My impression is that he had not really considered the problem from this point of view, and that, as an old revolutionary, he had thought of it almost entirely in terms of polemical frontal assaults.

Lest my detailed account of the arguments should convey a false impression of acrimoniousness, I might add that the conversation, which was carried on in Russian, was conducted in an atmosphere of great cordiality, and even intimacy. The talk ended with M. Manuilsky expressing his admiration for Mr. Mackenzie King and for the contribution made in this war by Canadian soldiers. On saying good-bye he extended to me a warm invitiation to visit the Ukraine and call upon him in Kiev.

I am sending a copy of this letter to Mr. John Holmes at Canada House.

Yours sincerely,

[LEO MALANIA]

**1245.** DEA/8213-40

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

DESPATCH 1420 Ottawa, December 19, 1945

SECRET

Sir:

I have the honour to refer to your despatch No. 2629 of November 8th[1] concerning the registration of Soviet citizens in Canada and to inform you that this registration has now taken place at offices which were opened for the

purpose in Montreal, Toronto, Fort William, Winnipeg, Edmonton, Vancouver and Windsor. It is also possible for persons who have not yet registered to do so by writing to the Consular Division of the Soviet Embassy in Ottawa before the end of the year.

2. The registration appears to have taken place without any difficulties having arisen and with very little comment having been made. The Foreign Language Press in Canada has paid scant attention to the registration, and the only comment made in those sections of the Foreign Language Press which are unfriendly to the Soviet Union has been a reminder that the registration is voluntary. There was at one time a suspicion that pressure was being brought to bear on some persons by means of the suggestion that failure to register might affect the security of relatives in Europe, but no specific evidence of activities of this nature has come to light.

3. I am enclosing for your information a copy of an extract from the *Toronto Star* of December 3rd[1] containing an interview with Mr. Pavlov of the Soviet Embassy. You will notice that Mr. Pavlov has emphasized in this interview the voluntary nature of the registration and has indicated that no one who does not wish to apply for Soviet citizenship need register. The possibility of issuing a statement of this nature was suggested to the Soviet Ambassador when he called at the Department on October 24th. Mr. Pavlov's interview has helped materially to dispel any misunderstanding which may have arisen out of the terms of the announcement originally made by the Soviet Embassy.

4. In the light of these circumstances it has been decided that no action need be taken or comment made by the Canadian authorities in regard to the registration of Soviet citizens in Canada. Efforts are being made, however, to secure additional information concerning one aspect of this question. The assumption had been made here that persons from the former Polish territories, who are now living abroad without having become naturalized citizens of another state and who have not registered as Soviet citizens will become for all practical purposes stateless individuals. This assumption is based on reports which have been received concerning the Polish-Soviet Treaty of July 6th, the text of which has not yet been made available. I understand that this Treaty provides that persons living in the territories concerned automatically become Soviet citizens unless they apply for Polish citizenship, and that persons from the territories living abroad also are required to opt for Polish citizenship if they wish to remain Poles. On the other hand, it has been reported that the Polish Government will continue to regard as Polish citizens persons from the areas concerned who are living abroad and who do not register as Soviet citizens. The action of the Soviet authorities in Canada in calling for registration on the part of any who wish to obtain Soviet citizenship is further evidence that the persons in question do not automatically become citizens of the U.S.S.R. Inquiries in regard to this apparent inconsistency between the Polish-Soviet Treaty on the one hand and the statements of Polish and Soviet authorities on the other have been made to the Canadian High Commissioner in London and to the Canadian Embassy in Moscow. I shall send you any further information which I receive in clarification of this question, and I

should also be grateful to learn of any comments in this regard which you might care to make.

I have etc.

H. H. WRONG
for the Secretary of State
for External Affairs

## PARTIE 16/PART 16
## ESPAGNE
## SPAIN

**1246.** DEA/123s

*Le secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs*
*to Ambassador in United States*

TELETYPE EX-321 Ottawa, January 22, 1944

MOST SECRET. Following for Pearson from Wrong. Begins: Reference my immediately preceding message.[1]

It now seems desirable to address a most secret communication to the Department of State along the following lines: Begins: The Canadian Embassy has been informally keeping the Department of State *au fait* with developments in the case of Fernando de Kobbe, Spanish Consul in Vancouver, British Columbia. It will be recalled that conclusive evidence of this man's connection with espionage organizations came to light some months ago. Since this evidence involved certain personnel in the Spanish Ministry of Foreign Affairs as well as the misuse of Spanish Diplomatic bags it was felt that strong representations for a thorough investigation of the whole matter with the implied threat of a most disagreeable public scandal might result in a general clean-up of the anti-United Nations activities in the Spanish foreign services as well as in forcing the Spanish authorities generally to take more stringent measures against other Axis activities which are known to be taking place on Spanish soil.

After consultation therefore between the Canadian and the United Kingdom Governments, the British Ambassador in Madrid was instructed to expose the de Kobbe case to the Spanish Foreign Minister, showing photostatic copies of some of the evidence which has come into our hands, asking him for de Kobbe's immediate recall and requesting that a complete investigation into all the circumstances of the case be at once instituted.

Sir Samuel Hoare, on the receipt of these instructions, saw Señor Jordana on Sunday, January 16th, and acted upon them. His Majesty's Ambassador reports that the Foreign Minister was greatly shocked and promised a most rigid enquiry, adding that he would keep it in his personal control. On January

19th, Sir Samuel Hoare saw the Under-Secretary of State who reported that within an hour after the Ambassador's first visit on the matter a telegram had been sent to de Kobbe ordering him to proceed at once to Washington to receive instructions. The enquiry had not so far, he said, produced any evidence of documents having been passed through Foreign Office bags. Special enquiries were being made to determine whether de Kobbe had actually received payments. (The Ambassador has not yet shown to the Spanish authorities the photostatic copies of the $1000 in bills which it is known de Kobbe did in fact receive.)

In the meantime the Canadian Government had learnt about Señor Jordana's telegram of instructions to de Kobbe to report to Washington as well as a telegram from de Kobbe to Señor Cardenas[103] enquiring if he had any information and should he bring his daughter. This latter telegram almost certainly means that de Kobbe is as yet unaware that he is suspect and that he regards Señor Jordana's message as the outcome of his repeated requests for a transfer which he had reason to believe would be favourably considered not later than February. This latter telegram was answered in the course of a telephone call between Señor Cardenas and de Kobbe on January 18th when the Ambassador informed him that he had, as yet, no information from Madrid as to the meaning of de Kobbe's instructions to proceed to Washington and that pending the receipt of such information he, de Kobbe, had better remain in Vancouver.

On January 22nd, de Kobbe received a telegram from Cardenas to the effect that he, Cardenas, had received instructions that de Kobbe was to return to Spain as soon as possible. The Ambassador goes on to say that the *S.S. Magallanes* must leave New Orleans about February 6th and requests de Kobbe to inform him by wire of the date of his arrival in Washington if he intends to pass through that city en route to New Orleans. Immediately on the receipt of this telegram de Kobbe enquired about railway accommodations. His anticipated route is via Canadian Pacific to Montreal and thence to Washington.

The Canadian Government now proposes to tell de Kobbe (and concurrently Mr. Schwartz, the Spanish Consul General in Montreal will be informed):

(a) that he is no longer *persona grata*;

(b) that he is not to leave his apartment without notifying the R.C.M.P.;

(c) that he should make arrangements to leave Canada at once;

(d) that he will be informed later about the conditions of his departure and travel.

Before taking this action however, the Canadian Government would be glad to know urgently the views of the United States Government on the question of de Kobbe's admission into that country and the conditions under which he could pass through en route to Spain. The Canadian Government would be

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[103]Dr Juan Francisco de Cardenas, ambassadeur d'Espagne aux États-Unis.
Dr. Juan Francisco de Cardenas, Ambassador of Spain in United States.

grateful if permission could be granted for de Kobbe's admission in transit in order to board the *S.S. Magallanes* on February 6th in New Orleans. The Government would also be glad to know whether his entry from Montreal and his travelling to New Orleans via Washington would meet the convenience of the United States authorities who will no doubt wish to keep him under surveillance while he is in the country. Ends.

The Foreign Office have repeated their exchanges of telegrams with Madrid to the United Kingdom Embassy in Washington. I think, therefore, that it would be advisable for you to inform the Embassy that the above note is being presented to the Department of State.

**1247.** DEA/123s

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-449 Washington, January 24, 1944

IMMEDIATE; MOST SECRET. Following for Robertson, Begins: Your EX-320' and EX-321, January 22, de Kobbe case:

Mahoney called on Berle this morning and handed to him most secret memorandum' in same wording set forth your teletype EX-321, January 22. Berle was simultaneously informed fully of contents of your EX-323, January 23.'

Berle said that permission would be granted for de Kobbe's admission to United States under surveillance, while in this country, and that he would arrange with F.B.I. to send a security officer to Montreal where security officer will contact R.C.M.P. and make arrangements for surveillance from border.

Berle further stated that for the present he desired to withhold judgement on question of United States authorities permitting de Kobbe to sail on *S.S. Magallanes* from New Orleans. Berle wishes to consult security authorities before saying definitely that de Kobbe will be permitted to sail on steamer mentioned.

British Embassy will be informed this afternoon of action taken in this matter. Ends.

**1248.** DEA/123s

*L'ambassadeur aux États-Unis*
*au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States*
*to Secretary of State for External Affairs*

TELETYPE WA-480 Washington, January 25, 1944

IMMEDIATE. MOST SECRET. Following for Robertson from Mahoney, Begins: Our WA-449, January 24th, de Kobbe Case:

State Department now agreeable to granting permission for de Kobbe's admission in transit through United States and United States authorities will permit him to sail on *S.S. Magallanes* on February 6th from New Orleans. Ends.

**1249.** DEA/123s

*Mémorandum au Premier ministre*

*Memorandum to Prime Minister*

MOST SECRET [Ottawa,] January 29, 1944

The former Spanish Consul in Vancouver arrived in Montreal yesterday and leaves for Washington this evening. He is due to sail from New Orleans for Spain on February 6th.

The R.C.M.P. have had no difficulty so far in this case. The search of his apartment was justified by the discovery of the original United States currency notes ($1000.) which came to him with the codes and instructions from the Japanese espionage ring in Madrid. The codes and instructions were not found, however.

There has been some press enquiry about this sudden move which took large headlines in the Vancouver papers. It has been explained, however, that the transfer of a consul is not a world shaking event but rather a quite normal occurrence and that no significance whatsoever need be attached to it.

This de Kobbe case has been an annoying and troublesome one. I feel, however, that its political importance in helping to bring Spain into line and in forcing a general clean-up of her foreign service will be such as to make it well worth the bother and expense.

**1250.** DEA/123s

*Extrait du télégramme du haut commissaire en Grande-Bretagne au secrétaire d'État aux Affaires extérieures*

*Extract from Telegram from High Commissioner in Great Britain to Secretary of State for External Affairs*

TELEGRAM 293 London, February 1, 1944

MOST SECRET. My telegram No. 280, January 31st,† de Kobbe. Following is text of telegram dated January 29th from the British Ambassador, Madrid, to Foreign Office, Begins: I found Señor Rolland[104] when he called on me this evening disturbed over the action of the Canadian Government in placing Kobbe under police supervision. Ministry of Foreign Affairs is most anxious to avoid any public scandal and I feel that we should do so in view of assurances that I have given him on behalf of his Majesty's Governments, London and Canada. I hope therefore that the Canadian Government will, while taking necessary security precautions, avoid scandal and cooperate if possible with Spanish Consulate General, Montreal. I informed Señor Rolland that we had evidence that Kobbe had received 1,000 dollars and told him we would let him have photostats supporting it. He is grateful for offer and would like evidence as soon as possible. He informed me that they had totally failed to find any incriminating evidence about use of Spanish bags.

**1251.** DEA/123s

*Le secrétaire d'État aux Affaires extérieures au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Great Britain*

TELEGRAM 218 Ottawa, February 2, 1944

MOST SECRET. Reference your No. 293 February 1st, transmitting text of Sir Samuel Hoare's telegram January 29th, de Kobbe. Please inform the Foreign Office as follows:

It is understandable that the Spanish Ministry of Foreign Affairs is anxious to avoid a public scandal. We are however somewhat concerned to learn that the Ambassador has given assurances in this regard and we are inclined to feel that it should be made clear to the Spanish authorities that this is without prejudice to any action which we might find it necessary to take should circumstances change to warrant it. It seems to us that the political importance of this case lies principally in the fact that we are in a position to announce the possession of evidence that a Spanish consular officer has received communications and funds from a Japanese espionage organisation operating through

[104]Chef, département du personnel, ministère des Affaires étrangères d'Espagne.
Head, Personnel Department, Foreign Ministry of Spain.

Madrid. If circumstances should arise making it desirable to make such an announcement it would be regrettable to find ourselves under any obligation to the Spanish Government not to do so. The police supervision over de Kobbe in Canada was in fact unobtrusive and so far as we know there is here no suspicion that he left the country for any reason other than a normal transfer from one post to another. We understand that United States police supervision will be equally discreet.

Insofar as the Spanish Consul General in Montreal is concerned, he was informed of the circumstances of the case and was told how the R.C.M.P. proposed to handle the matter during Kobbe's passage through Montreal. He gave our authorities his full co-operation and the routine laid down went through without incident. Kobbe is now out of Canadian jurisdiction.

**1252.** DEA/123s

*Le premier secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État aux Affaires extérieures*

*First Secretary, High Commission in Great Britain, to Under-Secretary of State for External Affairs*

MOST SECRET London, February 9, 1944

The High Commissioner has asked me to write to you with regard to the developments in the Kobbe case. On receipt of your telegram No. 218 of the 2nd February I wrote to Mr. Williams of the Foreign Office, who is dealing with the political aspect of this matter,. . . I enclose a copy of my letter to Williams† which, as you will see, closely follows the lines of your telegram under reference. Before your telegram was received, however, I had, on seeing Sir Samuel Hoare's telegram of the 29th January, spoken to the Foreign Office very much in the sense of your communication.

I saw Mr. Williams again on February 4th and at that interview I told him that the Canadian authorities could not but feel that if, as appeared to be the case, the British Ambassador in Madrid had given definite assurances to the Spanish Minister for Foreign Affairs that we would refrain from publicity in this case while the examination was pending, he had given away a valuable card in the game. Mr. Williams said that he was sure that Sir Samuel Hoare could not have meant in his telegram that he had given any binding assurances to the Spaniards that there would be no publicity, but rather that so long as the matter was being followed up speedily and whole-heartedly by the Spanish authorities we would agree to refrain from publicity.

I said that I felt personally that we had no need to bargain with the Spaniards in a matter in which we held such a strong hand. I added that the *Note Verbale* which Sir Samuel Hoare had presented to the Spanish Government, and of which a copy was sent to you under cover of my letter of the 31st January,† had omitted any reference to the moderation of the Canadian Government in not prosecuting de Kobbe in the Courts on a charge of espionage. This point, as you will recall, was covered in paragraph 3 of the

instructions issued to Sir Samuel Hoare and enclosed to you under cover of the High Commissioner's despatch No. A. 408 of the 10th December.

I said that it appeared to me that the British Ambassador's *Note Verbale* was milder than had been contemplated in the instructions agreed upon by the United Kingdom and Canadian Governments. Mr. Williams said that he felt that Sir Samuel Hoare's *Note Verbale* was strongly phrased and that Mr. Eden had also spoken very bluntly to the Duke of Alba[105] about this case. He pointed out that in transmitting this material to the Foreign Office the Canadian authorities had asked that it should be brought to Mr. Eden's attention for whatever action he might see fit to take, and he felt that in the Foreign Office view the best possible use was, in fact, being made of the material in dealing with the Spaniards. I replied that of course the Canadian authorities were quite willing to leave the man on the spot, i.e., Sir Samuel Hoare, a free hand in the tactics he should follow in dealing with the Spanish Government regarding this case but we felt that he should have our views.

Mr. Williams then said, as reported in our telegram No. 347 of to-day's date,† that the Foreign Office would telegraph the Canadian Government's views to Sir Samuel Hoare and would also enquire further into the nature of the assurances which he had given to the Spanish Minister for Foreign Affairs with regard to our abstention from publicity. Despite the Foreign Office assurances I personally remain somewhat dubious about Sir Samuel Hoare's handling of this case and cannot resist the impression that more effective use could have been made of it.

Yours sincerely,

C. S. A. RITCHIE

**1253.** DEA/123s

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britian*
*to Secretary of State for External Affairs*

TELEGRAM 422 London, February 18, 1944

MOST SECRET. Kobbe. Following is text of a telegram dated 14th February from Sir Samuel Hoare to the Foreign Office in reply to a telegram from the Foreign Office repeated to you as my telegram No. 364 of 11th February,† Begins:

Your telegram No. 165, paragraph 2. I have given the Spanish government no assurance beyond saying the Canadian Government are averse from giving any publicity to the matter whatsoever at present (see last sentence paragraph 2 of your telegram No. 81). Ends.

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[105]Ambassadeur d'Espagne en Grande-Bretagne.
Ambassador of Spain in Great Britain.

**1254.** CH/Vol. 2120

*Le premier secrétaire, le ministère des Affaires extérieures, au premier secrétaire, le haut commissariat en Grande-Bretagne*

*First Secretary, Department of External Affairs, to First Secretary, High Commission in Great Britain*

SECRET. PERSONAL. Ottawa, February 21, 1944

My dear Charles,

I quite agree with your observations on the Kobbe case — it has not been used, I think, nearly as well as it could have been. Hoare's telegram in which he intimated that he had given assurances to the Spaniards in the matter of publicity was an appeasement document if I ever saw one, and I was not surprised that you had drafted a letter to the Foreign Office to this effect even before our reply arrived. I am sometimes sorry that we did not break the thing wide open before Kobbe ever left Canada, as things have turned out, although at the time we felt sure that a sword of Damocles was a more political weapon from the long term view than a public sock in the eye.

Yours ever,

TOMMY [STONE]

**1255.** DEA/123s

*Mémorandum au Premier ministre*

*Memorandum to Prime Minister*

SECRET [Ottawa,] March 11, 1944

The Spanish Consul General, Mr. Schwartz, called on Wednesday on instructions from his Foreign Minister, Count Jordana, to convey his Government's appreciation of the courtesy and restraint with which the Kobbe case had been handled by the Canadian Government. Kobbe is now back in Spain, and the Spanish Government claims that it is making the most searching investigation of charges that Axis espionage agents have been using Spanish diplomatic and consular facilities.

Schwartz said that he had formed the impression, in his conversation with Kobbe during the three days that the latter was in Montreal, that the man was innocent.

Kobbe himself had maintained stoutly that he knew no reason why his recall should be requested, denied even having received secret messages from Japanese espionage agents, and said that the incriminating thousand dollars in United States funds which had been found in his apartment in Vancouver had been received through the mail without any covering letter which would indicate its source.

I told Schwartz that I had no doubt that the Spanish Government's investigation would establish Kobbe's guilt, but I could not myself give him any

supplementary information on the case. We had presented the evidence to the Spanish Government through the United Kingdom Ambassador in Madrid and it would only confuse procedure to use two channels.[106]

**1256.** DEA/123s

*Le premier secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État aux Affaires extérieures*

*First Secretary, High Commission in Great Britain, to Under-Secretary of State for External Affairs*

TOP SECRET London, December 8, 1944

Dear Mr. Robertson,

I am enclosing a copy of a letter from Roberts of the Foreign Office,† outlining recent developments — or rather, lack of developments — in the case against Kobbe.

It seems perfectly clear that the Spanish authorities have no intention of proceeding against Kobbe. As long ago as last March the Ministry of Foreign Affairs said that they would set up a special court to try the case, and now in December they have still not reached the stage of drawing up a statement of charges against him.

I cannot resist the personal impression that the British Embassy in Madrid have been lacking in vigour in their handling of this case. Certainly no use seems to have been made of it to bring pressure to bear upon the Spanish Government in securing further concessions, as was suggested in your despatch No. 945 of September 20th, 1943.† Meanwhile, you will have seen despatch No. 121 of the 7th December from the Dominions Office, enclosing a note from the Spanish Embassy in London dated 25th October, 1944,† in which the Duke of Alba coolly informs Lord Cranborne that Don Fernando de Kobbe y Chinchilla has relinquished his post of Consul in Vancouver in order to be appointed to a post in the Ministry of Foreign Affairs in Madrid.

Yours sincerely,

C. S. A. RITCHIE

**1257.** DEA/123s

*Le deuxième secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État aux Affaires extérieures*

*Second Secretary, High Commission in Great Britain, to Under-Secretary of State for External Affairs*

TOP SECRET London, May 16, 1945

Dear Mr. Robertson,

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[106]Note marginale:/Marginal note:
OK. K[ing] 15-3-44.

With reference to Mr. Ritchie's letter of 8th December, 1944, concerning the Kobbe case, I am enclosing a copy of a letter from Mr. Garran of the Foreign Office, dated April 13th,† together with a translation of *Note Verbale* No. 131 from the Spanish Ministry of Foreign Affairs, dated February 14th.†

In his letter Mr. Garran points out that the Spanish Ministry of Foreign Affairs have made little real progress in their investigations into the case. The Ministry take the view that there is insufficient proof as yet that Kobbe ever received the microfilm codes with the letter containing the instructions in invisible ink, or if he did that these were sent to him with his foreknowledge. The *Note* also asks us for specific information as to whether the invisible writing on the letter, having been developed by the Canadian authorities, was restored by them to invisibility before the letter was delivered. Mr. Garran also reports a conversation by the First Secretary of the United Kingdom Embassy in Madrid with Senor Rolland of the Ministry.

Mr. Garran emphasizes the extent of Spanish obstructiveness. It is the view of the United Kingdom Embassy in Madrid that the Spanish Government is hoping to postpone indefinitely having to send the case for trial before the Courts in order to avoid embarassing exposures which might come out at the trial. They suggest on the other hand that some of the delay might have been due to the ill-health of Señor Rolland. Although Mr. Garran says that the Foreign Office would be interested to see the answer to the specific question about the invisible ink requested of the Canadian authorities, they are not at all certain that even with this evidence the Ministry of Foreign Affairs would engage in a more active prosecution.

On receipt of this letter I had a discussion with Mr. Garran in the hope of securing some indication as to how future steps in this case might be fitted in to general policy towards Spain. I was interested to know whether the United Kingdom Government might be interested in pressing this case as part of their present policy of reminding General Franco that he was in no position to beg favours. It was not a question of receiving formal instruction from the Foreign Office as to what Canadian policy should be in this matter, but rather of securing some informal guidance as to what steps might best conform with Allied policy. Mr. Garran agreed to discuss the legal aspects further with the security experts before communicating with me. It now seems doubtful, however, if the Foreign Office have any clear-cut intentions on this subject. My impression is that they take a pretty hopeless attitude towards a further prosecution of the case because of long experience with Spanish frustrations. As de Kobbe is not likely to be very dangerous to us in the future it might seem scarcely worth the effort to press the case against him further. On the other hand, there are arguments against allowing the Spaniards at this stage to believe that they can successfully get away with condoning such activities.

The Foreign Office proposes, on receiving the information required from us, to instruct their Embassy at Madrid to give the Ministry for Foreign Affairs the answer they asked for about the invisible ink, and to inform them that they already have all the other information at the United Kingdom Government's

disposal, and that the United Kingdom Government is astonished that they do not find it adequate and conclusive.

Yours sincerely,

J. W. HOLMES

**1258.** DEA/123s

*Le sous-secrétaire d'État par intérim aux Affaires extérieures au deuxième secrétaire, le haut commissariat en Grande-Bretagne*

*Acting Under-Secretary of State for External Affairs to Second Secretary, High Commission in Great Britain*

TOP SECRET Ottawa, June 5, 1945

Dear Mr. Holmes,

I have your letter of 16th May addressed to Mr. Robertson concerning the Kobbe case. It is, as you say, apparent that the Spanish Ministry of Foreign Affairs have no desire to make any real investigation. I note also that the Foreign Office apparently do not regard it as useful to expedite the correspondence since the *note verbale* addressed to the United Kingdom Embasssy[1] is dated 14th February.

The particular question asked concerning the secret ink has been carefully investigated and we have received a report on the process by which the secret writing was developed. As a result of this report, we are in a position to say explicity that the invisible writing was restored to invisibility by chemical process before being forwarded.

Yours sincerely,

J. E. READ

**1259.** DEA/123s

*Le deuxième secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État par intérim aux Affaires extérieures*

*Second Secretary, High Commission in Great Britain, to Acting Under-Secretary of State for External Affairs*

TOP SECRET London, June 22, 1945

Dear Mr. Read,

With reference to your letter of 5th June concerning the Kobbe case, I am enclosing a copy of a letter of 19th June from Mr. Bromley, Secretary to Sir Alexander Cadogan, to Mr. Bowker of the United Kingdom Embassy in Madrid, conveying the report by the Canadian Government that the invisible writing on the letter in question was restored to invisibility by chemical process before being forwarded. In this communication it is stated that neither the

United Kingdom nor the Canadian Goverments find the attitude of the Spanish Ministry for Foreign Affairs adequate and conclusive.

Yours sincerely,

J. W. HOLMES

**1260.** DEA/123s

*Le deuxième secrétaire, le haut commissariat en Grande-Bretagne, au sous-secrétaire d'État aux Affaires extérieures*

*Second Secretary, High Commission in Great Britain, to Under-Secretary of State for External Affairs*

TOP SECRET London, September 8, 1945

Dear Mr. Robertson,

With reference to my letter of the 22nd June to Mr. Read concerning the Kobbe case, I am enclosing a copy of a letter to Mr. Bevin, dated 20th August,[1] from Sir Victor Mallet, the United Kingdom Ambassador in Madrid, together with the English and Spanish texts of a *note verbale* from the Spanish Ministry of Foreign Affairs[1] on this subject. Sir Victor Mallet reports that the Spanish Ministry of Foreign Affairs finally decided that they have no case for proceeding against Señor Kobbe as they do not consider that any satisfactory proof has been given that the secret message or the microfilm ever reached him. He is to be punished only for his administrative offence of having delayed in notifying his superior officers of the receipt of money for an unknown destination. The view of the United Kingdom Ambassador is that the Minister's attitude can only be regarded as profoundly unsatisfactory. However, he considers that in the absence of any further conclusive evidence there would seem to be no alternative but to let the matter rest. In communicating this letter to me Mr. Garran of the Western Department of the Foreign Office stated that the Foreign Office fully shared the Ambassador's disgust at the attitude of the Spanish Ministry, but they also doubted whether any good would come of pursuing the case further. They would like to know whether the Department of External Affairs share this view.

As you are aware, the recent trend of United Kingdom policy towards Spain has been increasingly uncompromising. Every effort is apparently being made to make the Spanish authorities realise that it is not the intention of the United Kingdom Government to forget their attitude in the course of the war with Japan. Although the possibilities of securing satisfaction from the Spaniards seem pretty small, the question might be asked as to whether it is desirable at this particular time to drop our complaint and allow the Ministry of Foreign Affairs even a minor victory.

Yours sincerely,

J. W. HOLMES

**1261.** DEA/123s

*Le sous-secrétaire d'État aux Affaires extérieures*
*au deuxième secrétaire, le haut commissariat en Grande-Bretagne*

*Under-Secretary of State for External Affairs*
*to Second Secretary, High Commission in Great Britain*

TOP SECRET Ottawa, September 17, 1944

Dear Mr. Holmes,

The position taken by the Spanish Ministry of Foreign Affairs on the Kobbe case as shown by your letter of the 8th September is unsatisfactry but not altogether unexpected. The evidence would, in any reasonable interpretation, be regarded as complete but there is obviously no means of direct proof that the materials in question were actually in Kobbe's hands.

There appears to be no advantage in asking that the matter be further argued with the Spanish Ministry of Foreign Affairs. It would, however, appear to be suitable that the United Kingdom Ambassador should, while noting the action being taken by the Spanish Ministry, state that the views held by the United Kingdom and Canadian authorities on this subject remained unchanged.

Yours sincerely,
N. A. ROBERTSON

**1262.** DEA/123s

*Le deuxième secrétaire, le haut commissariat en Grande-Bretagne,*
*au sous-secrétaire d'État associé aux Affaires extérieures*

*Second Secretary, High Commission in Great Britain,*
*to Associate Under-Secretary of State for External Affairs*

SECRET 12th October, 1945

Dear Mr. Wrong,

With reference to the case of Señor Kobbe, this is to advise you that the Foreign Office was informed in accordance with Mr. Robertson's letter to me dated 17th September. I am enclosing a copy of a communication sent from the Foreign Office to the United Kingdom Ambassador in Madrid.

Yours sincerely,
J. W. HOLMES

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État aux Affaires étrangères de Grande-Bretagne à l'ambassadeur de Grande-Bretagne en Espagne*

*Secretary of State for Foreign Affairs of Great Britain to Ambassador of Great Britain in Spain*

No. 305 [London,] October 9, 1945

SECRET

Sir,

With reference to your despatch No. 13 from San Sebastian dated the 20th August[1] regarding the case of Señor Kobbe, I have to inform you that the Canadian authorities agree that no good is likely to come from arguing the matter further with the Spanish authorities. I shall be glad, however, if you will inform the Spanish Ministry of Foreign Affairs that the authorities in both Canada and the United Kingdom take note of the Ministry's decision not to pursue the matter further, that they maintain the views which they have already expressed to the Ministry and that they draw their own conclusions regarding this further example of Spanish reluctance to take proper action against an official who has obviously worked in the interests of our enemies.

## PARTIE 17/PART 17
## SUÈDE
## SWEDEN

**1263.** DEA/72-LS-40

*Le ministre de Suède au secrétaire d'État aux Affaires extérieures*

*Minister of Sweden to Secretary of State for External Affairs*

Ottawa, February 8, 1945

Sir,

Acting upon instructions received from my Government I have the honour to inform you that I have been authorised to enter into negotiations for an arrangement between Canada and Sweden regarding reciprocal rights for passage and landing in connection with civilian air traffic.

An agreement has recently been reached between Sweden and the United States for civilian air traffic between the two countries. The Swedish Airlines desire to direct this traffic over Canadian territory and would be happy to make such arrangements in this respect as would meet the wishes of the Canadian Government.

The traffic would take place over the Northern route (Ireland — Newfoundland or Labrador — Canada). In case of adverse climatic conditions during a few months of the year it might be necessary to rely upon a route Scotland — Newfoundland or a more southern route (Ireland — the Azores — Newfoundland), but in such case it is not contemplated to take up traffic or mail by the Swedish line from Great Britain and there would be no competition with a Canadian line or the Southern Atlantic route.

An arrangement confirming the two freedoms agreement[107] in the relation between Canada and Sweden would be acceptable to the Swedish Government.

Accept etc.

PER WIJKMAN

**1264.** DEA/72-LS-40

*Mémorandum du premier secrétaire, le ministère des Affaires extérieures*

*Memorandum by First Secretary, Department of External Affairs*

[Ottawa,] February 10, 1945

CANADA-SWEDEN AGREEMENT

At the conclusion of the Canada-United States aviation discussions in New York[108] Mr. Baldwin[109] told me that Mr. Howe did not think it necessary to negotiate an agreement with Sweden for rights of commercial entry. He thought that we should not go beyond the first two freedoms.

I told the Swedish Minister that we did not want to go beyond the first two freedoms (he had already said in a previous conversation that he thought his government did not care much one way or the other whether rights of commercial entry were granted) and pointed out that we could either let the matter be taken care of by the two freedoms agreement or enter into a Canada-Sweden agreement specifically granting the two freedoms. Mr. Wijkman suggested that a separate agreement would be preferable, and I said that we would be glad to have the Swedish Government submit a draft of the sort of agreement they had in mind. After making a somewhat half-hearted effort to get us to do the drafting, he agreed to prepare something. He is now awaiting instructions from Stockholm and we may expect to hear from him in the near future.

[R. M. MACDONNELL]

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[107]Voir Canada, *Recueil des traités*, 1944, N° 36.
See Canada, *Treaty Series*, 1944, No. 36.

[108]Voir les documents 297-98./See Documents 297-98.

[109]John R. Baldwin, membre, secrétariat du Cabinet et président, Comité interministériel sur la politique du transport aérien.
John R. Baldwin, Member, Cabinet secretariat and Chairman, Interdepartmental Committee on Air Transport Policy.

**1265.** DEA/72-LS-40

*Le ministre de Suède*
*au secrétaire d'État aux Affaires extérieures*

*Minister of Sweden*
*to Secretary of State for External Affairs*

Ottawa, April 12, 1945

Sir,

With reference to negotiations which have recently taken place between representatives of the Swedish and Canadian Governments concerning civil air transport, I have the honour to propose on behalf of my Government that, with effect from April 12, 1945, and until the coming into force between Sweden and Canada of the International Air Services Transit Agreement, done at Chicago on December 7, 1944, the provisions of the International Air Services Transit Agreement shall be accepted by the Swedish and Canadian Governments as binding obligations upon them in their relations with each other.

If this proposal is acceptable to the Canadian Government, this note and your reply thereto accepting the proposals shall be regarded as placing on record the understanding arrived at between the two Governments.

Accept etc.

PER WIJKMAN

**1266.** DEA/72-LS-40

*Le secrétaire d'État aux Affaires extérieures au ministre de Suède*

*Secretary of State for External Affairs to Minister of Sweden*

No. 10 Ottawa, April 12, 1945

Sir:

I have the honour to refer to your note of April 12 making a proposal with regard to the acceptance by the Swedish and Canadian Governments of the International Air Services Transit Agreement.

The proposal set forth in your note is acceptable to the Canadian Government and it is agreed that your note and this reply shall be regarded as placing on record the understanding arrived at between the two Governments.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

## PARTI 18/PART 18
## VENEZUELA

**1267.** W.L.M.K./Vol. 371

*L'ambassadeur de Grande-Bretagne au Venezuela*
*au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador of Great Britain in Venezuela*
*to Under-Secretary of State for External Affairs*

PERSONAL Caracas, September 27, 1944

My dear Robertson,

With reference to your personal letter of August 29th,[1] I have now presented my credentials and have had a little time in which to settle down in my entirely new surroundings.

You know how keen I am, in the absence of a Canadian representative, to do everything possible to help Canadian interests, and even at the risk of your crediting me with an excess of zeal I think I should tell you privately that I am not entirely happy with the state of relations between this country and Canada. There is a great potential market here for British Commonwealth goods and services, which is being gradually collared by the Americans, who are making a big drive just now. The President of Venezuela was, I gather, more hurt by the delay and the eventual failure of his suggestion to visit Canada early this year, than the official despatches tend to show. No Venezuelan has raised this point, but this is what I gather from reliable informants. The President was done proud by the United States Government, and his hospitable reception by the Americans is beginning to produce good dividends in the way of post-war orders, and I am just a little apprehensive that Canada may awake to the situation too late. There is not even a Canadian Trade Commissioner resident here, and it is difficult for one man to cover this country from Colombia. Perhaps for various good reasons Canada is not particularly interested in trade with this country, and if so I hope you will ignore this letter.

Yours sincerely,

E. OGILVY FORBES

**1268.** W.L.M.K./Vol. 371

*Le sous-secrétaire d'État aux Affaires extérieures*
*à l'ambassadeur de Grande-Bretagne au Venezuela*

*Under-Secretary of State for External Affairs*
*to Ambassador of Great Britain in Venezuela*

PERSONAL Ottawa, October 14, 1944

My dear Sir George:

Thank you for your personal note of September 27th commenting on relations between Canada and Venezuela, which you feel are not entirely

satisfactory at the present time. I am sorry to learn that our inability to extend an invitation to the President of Venezuela to visit Ottawa during his visit to the United States had left behind a certain soreness. Unfortunately, the hint that an invitation would be welcome came at a time when our parliament was just beginning its session, and the Prime Minister and senior members of the Cabinet were very much preoccupied with the necessary preparations for it. When the strain of the European war is over, there may perhaps be an opportunity when you can advise us of the visit of some senior figure in the Venezuelan administration to the United States, whom you would consider it helpful for us to invite to Ottawa.

I note also your reference to the possibility of a considerable market for goods from the British Commonwealth in Venezuela, and the current success of the American drive for that market. I have been looking up our trade figures with Venezuela, and find that, within the last three years, our imports have ranged between six and nine millions of dollars, while our exports have declined from almost $1,750,000.00 in 1941 to approximately $750,000.00 in 1943. Shipping difficulties and the strain upon our industrial resources of wartime production have, of course, operated adversely against us in the Latin American market, as they have for the United Kingdom. Yet there is no doubt that Canadian manufacturers are interested in the prospects for postwar trade in Latin America, and I shall pass on to the proper officials in Trade and Commerce your comments on the opportunities for us in Venezuela.

I appreciate your interest in things Canadian, and will be glad to hear from you further from time to time on such topics as you think would be of significance to us.

Yours sincerely,

[N. A. ROBERTSON]

## PARTIE 19/PART 19
## YOUGOSLAVIE
## YUGOSLAVIA

**1269.** DEA/7805-40

*Le chargé d'affaires de Yougoslavie*
*au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires of Yugoslavia*
*to Secretary of State for External Affairs*

Ottawa, December 8, 1945

Sir,

By order of my Government, I have the honour to inform the Government of the Dominion of Canada that the Yugoslav Constituent Assembly, at its first meeting, held in Belgrade on November 29th, 1945, has proclaimed Yugoslavia

a Republic, and that the official name of the state will be the Federative Peoples' Republic of Yugoslavia.

On December 1st, the Yugoslav Constitutent Assembly, formed by both houses, the Federal Assembly and the Assembly of Nations, passed an Act creating a Praesidium, which besides other executive functions, will represent inside and outside the country the sovereignty of the nation and the Federative Peoples' Republic of Yugoslavia.

The Constituent Praesidium is composed of a Chairman, six Vice-Chairmen, two Secretaries and a maximum of thirty members.

The Constituent Praesidium appoints Ambassadors, Ministers Plenipotentiary and Envoys Extraordinary to foreign countries upon the recommendation of the Federal Government, and also receives credentials and letters of recall of diplomatic representatives from foreign countries.

Once the Constituent Assembly has accomplished its functions and changed to a regular parliament (Skupština), the Praesidium will act as praesidium of the regular Assembly.

The Constituent Praesidium was elected as follows: President: Ivan Ribar, former President of the Provisory Assembly; Vice-Chairmen; Moša Pijade, Filip Lakus, Josip Rus, Djura Pucar, Dimitri Vlahov and Marko Vujacic; Secretary; Mile Perunicic.

I avail etc.

PERO CABRIĆ

**1270.** DEA/7805-40

*Le haut commissaire en Grande-Bretagne*
*au secrétaire d'État aux Affaires extérieures*

*High Commissioner in Great Britain*
*to Secretary of State for External Affairs*

TELEGRAM 3698 London, December 18, 1945

My telegram No. 3673 of December 17th,[1] recognition of Yugoslav Republic.

1. We now learn that United States Government has decided to attach provisos to its recognition of Yugoslav Republic but that United Kingdom will accord recognition with no strings attached. Detailed information is being included in Dominions Office telegram[1] you should receive tomorrow.

2. I feel strongly that no possible good would be served by attaching conditions which would merely alienate further the sympathies of a Government which there seems no reason to doubt has carried out the will of the majority of the people in proclaiming a Republic. Wilgress, who has been informed of the difference in United States and United Kingdom intentions, urges without hesitation that Canadian Government should recognize Republic without conditions as promptly as possible.

DEA/7805-40

**1271.**

*Le secrétaire d'État aux Affaires extérieures*
*au chargé d'affaires de Yougoslavie*

*Secretary of State for External Affairs*
*to Chargé d'Affaires of Yugoslavia*

Ottawa, December 24, 1945

No. 13

Sir,

I have the honour to acknowledge your note No. 585 of December 8th in which you inform the Government of Canada that the Yugoslav Constituent Assembly meeting in Belgrade on November 29th, 1945, proclaimed Yugoslavia a Republic with the official name of the Federative Peoples' Republic of Yugoslavia. Due note has been taken of this act of the Yugoslav Constituent Assembly and of the supplementary information conveyed in your note.

Accept etc.

N. A. ROBERTSON
for the Secretary of State
for External Affairs

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